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IN THE

SUPREME COURT OF THE UNITED STATES

October Term, 1985

MAX DAETWYLER CORP.,

Petitioner,

v.

R. MEYER,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

MANNY D. POKOTILOW*
MAX GOLDMAN
Suite 800 - Stephen Girard Building
21 South 12th Street
Philadelphia, PA 19107
(215) 567-2010
Attorneys for Petitioner

CAESAR, RIVISE, BERNSTEIN & COHEN, LTD.
Of Counsel

*Counsel of Record.

PACKARD PRESS / LEGAL DIVISION, 10th & SPRING GARDEN STREETS, PHILA., PA. 19123 (215) 236-2000

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QUESTIONS PRESENTED

1. Can *in personam* jurisdiction be exercised over a defendant alien manufacturer based upon his aggregated contacts with the United States, under the "national contacts" theory, where the defendant's aggregated contracts with the United States are sufficient to meet the Due Process requirements of the Fifth Amendment to the United States Constitution?

2. Is the constitutional reach of a state's jurisdiction more limited because the tort committed is a violation of a federal statute and not a state statute or of common law?

3. Under existing federal law is a patentee powerless to enforce a United States Letters Patent in a United States District Court against a manufacturer of infringing products that are imported and sold by third parties?

The Petitioner states pursuant to Rule 28.1 that it is affiliated with MDC Max Daetwyler A.G. a Swiss Company.

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MAX DAETWYLER CORP.,

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v.

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Respondent

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

Petitioner, Max Daetwyler Corp., a New York corporation, respectfully prays that a Writ of Certiorari issue to review the judgment and opinion of the United States Court of Appeals for the Third Circuit (''Court of Appeals'') entered in the above entitled case on May 22, 1985.

OPINIONS BELOW

The Opinion of the Court of Appeals of which review is sought is reported at 762 F.2d 290 (3rd Cir. 1985) (Appendix A). The Appeal came to the Court of Appeals as a certified question pursuant to 28 U.S.C. §1292(b). The District Court denied the Respondent's Motion for Dismissal for lack of *in personam* jurisdiction, basing jurisdiction over Meyer, the alien Defendant, upon the aggregated contacts of the Defendant with the United States (the "national contacts" theory) in a Memorandum and Order entered April 13, 1983 (Appendix B). The Memorandum is reported at 560 F.Supp. 869 (E.D. Pa. 1983). The District Court certified the Order for interlocutory appeal in a Memorandum and Order dated December 8, 1983 (Appendix C). The Memorandum on Certification is reported at 575 F.Supp. 285 (E.D. Pa. 1983).

JURISDICTION

The judgment of the Court of Appeals (Appendix A) was entered May 22, 1985. A Petition for Rehearing with a Suggestion for Rehearing In Banc was timely filed by the Petitioner on June 4, 1985 (Appendix D). The Petition for Rehearing was denied in an Order dated June 18, 1985 (Appendix E). This Petition for Writ of Certiorari has been timely filed within the 90 days thereafter in accordance with 28 U.S.C §2101(c) and Supreme Court Rules 20.2, and 20.4. The jurisdiction of this Supreme Court is invoked pursuant to 28 U.S.C. §1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

This case involves Article I, Section 8, Cl. 8 and the Fifth and Fourteenth Amendment §1 to the United States Constitution (Appendix F), the Patent Act, Title 35 U.S.C. §271 (Appendix G), and the Pennsylvania Long Arm Statute, 42 Pa. C.S.A. §5322 (Appendix H).

STATEMENT OF THE CASE

This is an action for patent infringement under the Patent Act, Title 35, United States Code. Jurisdiction of the District Court is found under 28 U.S.C., §1338, §1331, and §1332, and 35 U.S.C. §271.

The Petitioner, Max Daetwyler Corporation, is the exclusive licensee of U.S. Patent No. 4,184,429 for an invention in a Constant Bevelled Doctor Blade and Method and Apparatus Using Same issued January 22, 1980.

On October 25, 1982, the Petitioner filed a Complaint in the United States District Court for the Eastern District of Pennsylvania against the Respondent, R. Meyer, a West German individual, for infringement of said patent.

Doctor blades are used extensively in the printing industry, specifically to wipe excess ink off rotogravure cylinders during printing operations.

The Respondent, R. Meyer, (hereinafter Meyer) manufactures doctor blades in Germany which are accused by the Petitioner of infringing its patent. Meyer sells them to U.S. distributors who ship and sell the infringing blades throughout the United States. The Respondent Meyer uses at least two distribution sales organizations in the United States, namely, the Uddeholm Corporation of Delaware, with headquarters in New Jersey, and Henry B. Korn Associates, Inc. of New York.

The infringing doctor blades have been sold to Pennsylvania companies by Uddeholm and have entered the Commonwealth of Pennsylvania in a steady stream on numerous occasions. The record in the case shows the sale of the infringing doctor blades to U. S. distributors and the resale thereof of the accused blades to Pennsylvania companies. The record, also shows shipments from Uddeholm of the accused doctor blades to Pennsylvania customers on *22 separate occasions* between March 1981 and November 1982. (Appendix D, page A49)

It should also be noted that Uddeholm maintains a listing in the Philadelphia classified telephone directory, and advertises the accused doctor blades extensively in national publications.

Respondent Meyer, through middlemen and distributors, supplies a steady stream of the infringing products to customers throughout the United States including the Commonwealth of Pennsylvania.

The record shows shipments from R. Meyer to one of his distributors, Uddeholm from March 1981 to October 1982 totaling over $63,000.00 which infringing doctor blades are sold throughout the United States. (Appendix D, page A53)

Respondent Meyer, the Defendant in the patent infringement case in the District Court moved to dismiss the action for lack of *in personam* jurisdiction. The Petitioner, the Plaintiff in the District Court case, argued that *in personam* jurisdiction could be found over the alien infringer on both the "national contacts" theory and the Pennsylvania Long Arm Statute.

The District court ruled on April 13, 1983, in a Memorandum and Order (Appendix B pages A31 et seq.) that the Defendant Meyer had insufficient contacts with Pennsylvania for *in personam* jurisdiction under the Pennsylvania Long Arm Statute but that in personam jurisdiction could be based on the "national contacts" theory.

At the request of the Defendant Meyer, the District Court certified the Order pursuant to 28 U.S.C. §1292(b) in a Memorandum and Order dated December 12, 1983 (Appendix C, pages A36 et seq.)

The Court of Appeals granted the Defendant Meyer's Petition for Leave to Appeal on December 30, 1983.

The Appeal was argued on November 1, 1984 and the Court of Appeals' Opinion was filed on May 22, 1985 (Appendix A). The Petitioner's Petition for Rehearing and Suggestion for Rehearing In Banc was denied by the Court of Appeals on June 18, 1985 (Appendix E).

The majority of the Court of Appeals panel, Judge Garth and Judge Berry, a United States District Court Judge for the District of New Jersey, sitting by designation, reversed the

District Court with regard to its findings of *in personam* jurisdiction based upon the alien defendant's aggregate contacts with the United States, and also held that *in personam* jurisdiction could not be exercised over the defendant under the Pennsylvania Long-Arm Statute because the defendant did not have sufficient contact with the Commonwealth of Pennsylvania to satisfy Fourteenth Amendment due process requirements.

Judge Sloviter concurred in the majority ruling on the "national contacts" theory but dissented with respect to a lack of *in personam* jurisdiction under the Pennsylvania Long-Arm Statute. She stated that she would remand with instructions that the district court make a definitive ruling on whether the defendant is subject to jurisdiction based on the Pennsylvania Long-Arm Statute.

In particular, in her dissent, Judge Sloviter points out that the majority has not properly distinguished between manufacturers who have injected their products into the stream of commerce and others, as in *World-Wide Volkswagen*, who received only derivative bene t (Appendix A page A28). The dissent also points out that the District Court did not consider whether jurisdiction could be supported under the tortious injury clause of the Pennsylvania Long-Arm Statute, since a tortious injury occurs each time an item infringing a United States Letters Patent is sold. (Appendix A page A28).

REASONS FOR GRANTING THE WRIT

INTRODUCTION

This seemingly simple case involving jurisdiction over a German defendant in the Courts of the Commonwealth of Pennsylvania is of extraordinary importance to patent holders and has far reaching implications for the following reasons:

1. This Court has not settled the question of whether in personam jurisdiction over an alien tort-feasor may be

based on the alien's aggregate contacts with the United States.

2. There is presently a split of authority among the circuits in connection with the aggregating of national contacts (''national contacts theory'') for *in personam* jurisdiction over alien individuals and corporations in violation of federal statute(s).

3. The case has constitutional dimensions involving the reach of due process under the Fourteenth Amendment and whether the reach of due process is limited because the tort committed is a violation of a federal statute and not a state statute or the common law.

4. The court of appeals misinterpreted the law of this Court and therefore limited the extent of *in personam* jurisdiction allowed by due process permitted by this Court.

5. If the Court of Appeals' opinion is left to stand, there will be a split of authority as between the Seventh Circuit and the Third Circuit as to the permissible extent of state's jurisdiction to enforce a United States Letters Patent against the manufacturer of infringing products that are sold in the state.

Each of the above factors are important but what is the most far reaching implication of the decision is that if it is allowed to stand, a patentee may be powerless to enforce a United States Letters Patent against an alien manufacturer of infringing products that uses third parties for distributing and selling the infringing products nationally. Thus this opinion of the Court of Appeals may render meaningless in many situations the grant of the United States Letters Patent.

Each of the reasons for granting the writ will be briefly amplified.

I. THIS COURT HAS NOT SETTLED, BUT NOW SHOULD SETTLE, THE QUESTION OF WHETHER *IN PERSONAM* JURISDICTION OVER AN ALIEN TORT-FEASOR, WHO IS IN VIOLATION OF A UNITED STATES FEDERAL STATUTE, MAY BE BASED ON THE ALIEN'S AGGREGATED CONTACTS WITH THE UNITED STATES.

This case is a patent infringement case alleging that the Respondent R. Meyer, a West German sole proprietor manufacturer, is making and selling in the United States items which infringe a United States Letters Patent.

Meyer manufactures and ships substantial quantities of doctor blades into the United States, which infringe United States Letters Patent No. 4,184,429, of which, the Petitioner is the exclusive licensee in the United States.

The United States Court of Appeals for the Third Circuit has ruled (Appendix A) that the Federal District Court for the Eastern District of Pennsylvania may not exercise *in personam* jurisdiction over the alien tort-feasor under either the "national contacts" theory, or under the Pennsylvania Long-Arm Statute.

The Court of Appeals having ruled that the Respondent's contacts with the state of Pennsylvania is insufficient for the exercise of jurisdiction under the Pennsylvania Long-Arm Statute, and that the aggregated national contacts of the Respondent may not be applied for the exercise of in personam jurisdiction over the Respondent, it is entirely possible that Meyer may be entirely free to place a steady stream of infringing products into the United States in violation of the Patent Act 35 U.S.C. with impunity without being subject to the jurisdiction of the United States Federal Courts.

Ample reason for reversing the Court of Appeals' decision was set forth by District Court Judge Louis H. Pollak who states in his Memorandum, 560 F. Supp. 869, 870 (Appendix B page A33):

> ". . . 'However when a Federal Court is asked to exercise personal jurisdiction over an alien defendant sued on a

claim arising out of federal law, jurisdiction may appropriately be determined on the basis of the alien's aggregated contacts with the United States as a whole, regardless of whether the contacts with the state in which the District Court sits may be insufficient if considered alone.' *Cryomedics, Inc. v. Spembly, Ltd.*, 397 F. Supp. at 290, (D.Conn. 1975) . . . Underlying this jurisdictional rule is the notion that 'it is not the territory in which a court sits that determines the extent of its jurisdiction, but rather the geographical limits of the unit of government of which the court is a part.' *Cryomedics*, 397 F. Supp. at 291. *'Testing jurisdiction according to an alien's contacts with the forum state alone might result in barring suit in any district in the United States, despite sufficient aggregate contacts.'* See *Engineered Sports Products v. Brunswick Corp.*, 362 F. Supp. 722, 728 (D.Utah 1973)." (emphasis added)

Judge Pollak states further, 560 F. Supp. at 870 (Appendix B, page A33):

"Moreover, an alien defendant that transacts business in the United States only through others 'has no reason based on fairness to prefer any one particular district to any other . . .', *Cryomedics*, 397 F. Supp. at 292 and *Centronics Data Computer Corp. v. Mannesmann*, 432 F. Supp. 659 (D.N.H. 1977)".

In this particular case, the exercise of *in personam jurisdiction* over the Respondent R. Meyer, an alien West German citizen, in Philadelphia, does not violate the due process requirements of the Fifth Amendment, since it is not unfair to the Respondent to sue him in Philadelphia as opposed to Boston, New York or Cleveland.

The courts which held that the "national contacts" theory could not be applied to exercise jurisdiction over an alien tortfeasor, have not done so based upon the due porcess requirements of the Fourteenth or Fifth Amendment to the United States Constitution. Rather, they have ruled that the "national contacts" theory cannot be applied because the Federal Rules

of Civil Procedure only allow for service of process as called for under a Federal Statute or a State Statute or rule.

In its ruling, the United States Court of Appeals for the Third Circuit (Appendix A at page A11) states that in the absence of a federal statute authorizing nationwide service of process, the Federal Courts are referred to statutes or rules of the states in which they sit. Rule 4(e) of the Federal Rules of Civil Procedure provides in pertinent part:

> "Whenever a statute or rule of court of the state in which the district is held provides (1) for the service of summons, or notice or an order in lieu of summons upon a party not an inhabitant of or found within the state . . . service may . . . be made under the circumstances and in the manner prescribed in the statute or rule."

Thus, the Court of Appeals states that when a federal question arises under a federal statute that is silent as to service of process, Rule 4(e) requires that both the *assertion of jurisdiction* and the *service of process* be gauged by state amenability standards. (Appendix A page A12)

The decision of the Court of Appeals is based upon an expanded interpretation of the wording of Rule 4 (e) which is admittedly *vague* and *unclear*. (Appendix A, Page A12, n.7)

The Court of Appeals is saying in effect that although the Patent Act, Title 35 U.S.C. proscribes the infringement of United States Letters Patents and prescribes penalties therefor, it does not specifically incorporate world-wide service of process in the Statute. Therefore, even though the aggregation of national contacts by an alien infringer may be sufficient to meet the due process requirements of the Fifth Amendment to the United States Constitution, *in personam* jurisdiction cannot be applied over the Respondant, because *service of process* can only be made under the Federal Rules of Civil Procedure as called for in a Federal Statute, or by a State Statute or rule.

The only other United States Court of Appeals which has specifically ruled that the "national contacts" theory cannot be applied for *in personam* jursidiction over an alien defendant, is

the Ninth Circuit, in *Wells Fargo & Company v. Wells Fargo Express Company*, 556 F. 2d. at 406 (9th Cir. 1977). That court stated as follows (556 F. 2d. at 418):

> "If policy considerations do indeed dictate an alien defendant's contacts with the entire United States should be aggregated and if the Constitution does not forbid such a practice — at least where the plaintiff is suing in federal court on a federal cause of action, the federal rules should be amended to authorize such a practice."

The Court Stated further (at page 418):

> "Finally, such aggregation of an alien's American contacts may already be proper when a federal statute authorizes world-wide service of process . . . But not all federal statutes grant a federal right to recovery and provide for suit in federal court contain an additional provision granting such broad service of process powers."

In effect, the holding of the United States Court of Appeals for the Ninth Circuit that the "national contacts" theory cannot be applied requires an interpretation that the Congress did not intend world-wide service of process unless Congress placed the authorization in each statute itself; or, if the Supreme Court wished to authorize world-wide service of process, it would amend the Federal Rules of Civil Procedure to allow this in cases which are based upon a federal cause of action.

However, it cannot be assumed that because the Congress did not specifically enable world-wide service of process in the Patent Act, Title 35 U.S.C., it intended that alien violators of the Patent Act could ship to, and sell infringing products in the United States with impunity. Neither can it be assumed that the Supreme Court, in fashioning the Federal Rules of Civil Procedure, intended that such alien tort-feasors would be able to violate federal statutes with impunity.

This is not a due process inquiry. Neither the United States Court of Appeals for the Third or Ninth Circuit have rejected the "national contacts" theory on due process grounds. In

fact, the courts have stated that it was not a question of unfairness or lack of fair play to the defendants.

The Supreme Court should rule on this question because while two Circuit Court of Appeals, the Ninth and Third Circuit, have rejected the "national contacts" theory for the exercise of *in personam* jurisdiction over alien defendants, the other Circuit Courts have not ruled on the question. In several Circuits, District Court rulings have held that the "national contacts" theory may be applied by aggregatng the total contacts that the alien defendant has with the United States. In the following Circuits where the Court of Appeals has not ruled on the "national contacts" theory the following District Courts have aggregated national contacts to find *in personam* jurisdiction:

1. First Circuit — *Centronics Data Computer Corporation v. Mannesmann,* 432 F. Supp. 659 (D.N.H 1971);

2. Second Circuit — *Cryomedics, Inc. v. Spembly, Ltd.*, 397 F. Supp. 287 (D. Conn. 1975);

3. Sixth Circuit — *E. Holt v. Klosters Rederi A/S,* 355 F. Supp. 354 (W.D.Mich. 1983) and *Edward J. Moriarty & Co. v. General Tire and Rubber Co.*, 289 F. Supp. 381 (S.D.Ohio 1967);

4. Tenth Circuit — *Engineered Sports Products v. Brunswick Corp.*, 362 F. Supp. 722 (D.Utah 1973).

The ruling of the United States Court of Appeals for the Third Circuit with regard to the requirements of Rule 4(e) is based upon an *interpretation* of the wording of the rule. The rule itself states, in part:

> . . . "Service may . . . be made under the circumstances and in the manner prescribed in the statute or rule."

The Court of Appeals interprets the words "under the circumstances" to indicate an *incorporative* approach requiring that *both the assertion of jurisdiction* and the *service of process*

be gauged by *state* amenability standards. Note 7 of the Opinion (Appendix A page A12) discusses this interpretation of Rule 4(e). Thus, the Court states that not only service of process must be made in accordance with the state rule or statute, but also the basis for jurisdiction must also comport with state jurisdictional provisions. This is an expansive interpretation of the rule, which completely rejects the "national contacts" theory, even in cases where service of process can be made under the state statute or rule. *Certiorari should be granted so that this Court may rule on whether such a technical interpretation of Rule 4(e) is correct when it results in, in many cases, a lack of jurisdiction over foreign violators of federal law.*

II. THE DECISION BY THE MAJORITY OF THE THIRD CIRCUIT COURT PANEL IS IN CONFLICT WITH APPLICABLE DECISIONS OF THIS COURT ON THE QUESTION OF WHETHER *IN PERSONAM* JURISDICTION CAN BE EXERCISED OVER A MANUFACTURER WHOSE PRODUCTS HAVE BEEN PLACED IN THE "STREAM OF COMMERCE" AND CAUSE A TORT INJURY WITHIN THE FORUM STATE.

The majority of the panel of the Third Circuit Court of Appeals has misinterpreted and misapplied the opinion of this Court in *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286 (1980). The Pennsylvania Long-Arm Statute, 42 Pa.C.S.A., §5322, (Appendix G) states that the Commonwealth Courts may exercise personal jurisdiction over a person who transacts any business in the Commonwealth. Section 5322(a)1(iii) defines transacting business as including "the shipping of merchandise directly or indirectly into or through this Commonwealth."

A second basis for the imposition of in personam jurisdiction in Pennsylvania is Section 5322(3) "causing harm or tortious injury by an act or omission in this Commonwealth and (4) "causing harm or tortious injury in this Commonwealth by an act or omission outside this Commonwealth."

The majority of the panel has misinterpreted *World-Wide Volkswagen* which clearly differentiated between *manufacturers* who place their products into the stream of commerce and that remote retailers or distributors merely obtain derivative benefits therefrom.

In *World-Wide Volkswagen,* the Defendants included a retailer located in Massena, New York, and a distributor who distributed Audi products only in the northeastern part of the United States. The Plaintiff's suffered an accident while driving through the state of Oklahoma in an automobile they purchased from a retailer in New York. The Court concluded that the distributor and the retailer did not attempt to sell any products directly or indirectly in Oklahoma, derived no benefits from the laws of Oklahoma, and that the conduct of the Defendants and connection with the state of Oklahoma was such that they could not reasonably anticipate being haled into a court there. The Court stated, (444 U.S. at 294):

> "They avail themselves of none of the privileges and benefits of Oklahoma law . . . Nor does the record show that they regularly sell cars at wholesale or retail to Oklahoma customers or residents or that they indirectly through others serve or seek to serve the Oklahoma market. In short, Respondents seek to base jurisdiction on one sole isolated occurrence and whatever inferences can be drawn therefrom: the fortuitous circumstances that a single Audi automobile, sold in New York, to New York residents happened to suffer an accident while passing through Oklahoma."

World-Wide Volkswagen specifically differentiates between the Defendants such as the northeast distributor and the retailer who derivatively benefit from the sale of the car and the manufacturer who places a product into the stream of commerce. The Court stated, (444 U.S. at 298):

> "Hence, if the sale of a product of a manufacturer or distributor such as Audi or Volkswagen is *not simply an isolated occurrence but arises from the efforts of the*

> *manufacturer or distributor to serve directly or indirectly the market for its product in other states*, it is not unreasonable to subject it to suit in one of the states if its allegedly defective merchandise has there been the source of an injury to its owner or to others. The forum state does not exceed its powers under the due process clause if it asserts *personal jurisdiction over a corporation that delivers its products into the stream of service with the expectation that they will be purchased by consumers in the forum state*." (Citations omitted). (Emphasis added)

In the instant case, the alien Respondent injected his products into the stream of commerce in the United States by selling his products to United States distributors whom he knew would attempt to sell the products throughout the United States.

The Court in *World-Wide Volkswagen, supra*, stated that foreseeability in itself was not enough for the exercise of *in personam* jurisdiction by the state of Oklahoma over the New York retailer and the northeast distributor. *Id.* 444 U.S. at 294. Rather it is the Defendant's *conduct and connection* with the forum state which determines whether he should reasonably anticipate being hailed into court there. *Id.* 444 U.S. at 298. But as stated previously, the Court specifically held that it is reasonable to exercise in personam jurisdiction over a manufacturer who injects his products into the stream of commerce since he can reasonably foresee that his products will be sold and used in the forum state. Further, the manufacturer by injecting his products into the stream of commerce and selling products in the forum state, either directly or indirectly, benefits by serving or seeking to serve the forum state's market. He therefore avails himself of the benefits of the forum state's law.

The majority of the Court of Appeals Panel has failed to differentiate as did the Supreme Court in *World-Wide Volkswagen*, between defendants who directly or indirectly serve or seek to serve the market of the forum state, and those

who derive only derivative benefit therefrom. Further, the majority of the panel has *improperly read the record*. It states that the distributor Uddeholm's transactions in Pennsylvania were "sporadic" (Appendix A, page A20), when the record shows a continuous stream of shipments from Uddeholm of the accused products to customers in Pennsylvania.

The confusion of the majority of the panel in improperly evaluating the decision of the Supreme Court in *World-Wide Volkswagen* is particularly evident when the majority states in its Opinion (Appendix A page A18):

> "This is particularly so in light of *World-Wide Volkswagen's* pronouncement that the mere likelihood that a product will enter the forum state cannot afford a constitutionally adequate contact. 444 U.S. at 297."

The majority of the panel apparently sees no difference between a consumer who takes a product he has purchased into the forum state and a manufacturer who directly or indirectly injects its products into the forum.

This statement is made in the face of the specific statement in *World-Wide Volkswagen* that when a manufacturer places his products into the stream of commerce and seeks to serve the forum state, such conduct and action does afford a constitutionally adequate contact.

Another area in which the Court of Appeals panel misinterprets *World-Wide Volkswagen* is where it seeks to restrict and redefine the meaning and scope of the "stream of commerce" theory. On pages A18-A19, Appendix A, of its Opinion, the majority states:

> "We note that the stream of commerce theory evolved to sustain jurisdiction in products liability cases in which the product had traveled through an extensive chain of distribution before reaching the ultimate consumer. See ***DeJames v. Magnificence Carriers, Inc.***, 654 F.2d 280, 285 (3rd Cir. 1981). In such cases, it was felt that the presence of a distributor should not shield a manufacturer whose products have caused harm to residents of a forum

> state from the reach of the forum state's long-arm rule. It is debatable whether similar public policies are at stake in the present case."

Thus the majority of the panel states that the present case, where there is a tortious violation of a federal statute, presents a different situation than a case where consumers are injured by a defective product. The opinion of the Court of Appeals improperly restricts the meaning of tortious injury in the Pennsylvania Long-Arm Statute to product liability cases.

This differentiation between products liability cases and patent infringement cases with regard to the stream of commerce theory by the majority of the Court of Appeals panel is in direct conflict with the law of the United States Court of Appeals for the Seventh Circuit, *Honeywell, Inc. v. Metz Apparatewerke*, 509 F.2d, 1137 (7th Cir. 1975). In *Honeywell*, a German manufacturer sold throughout the United States indirectly through distributors, products which infringed a United States Letters Patent. The Court stated, 509 F.2d at 1141 that *infringement of a patent is a tort* which brings the defendant within the ambit of the Illinois Long-Arm Statute. The Illinois Long-Arm Statute, just as does the instant Pennsylvania Long-Arm Statute, allows for service when a person or his agent has committed a tortious injury within the state. As the Supreme Court stated in *Carbice Corp. v. American Patents Development Corp.*, 283 U.S. 27, 33 (1931):

> "Infringement, whether direct or contributory, is essentially a tort".

The Seventh Circuit held in *Honeywell* that patent infringement is a tortious act which inevitably includes the concept of injury and that the situs of the tort is the place where the injury occurs.

The situation in *Honeywell* is almost identical to the situation in the instant case. In *Honeywell*, Metz, the Defendant, signed an agreement with a U.S. distributor with the intention to invade the United States market. Shipments were made in the knowledge that under the agreement, distribution would

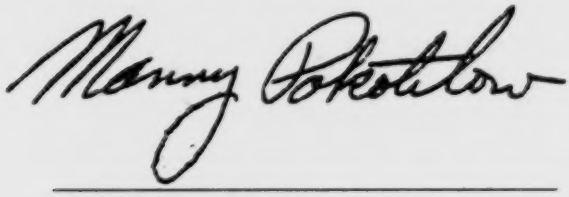
inevitably take place throughout the United States. In the instant case, Respondent, R. Meyer, specifically invaded the United States market by establi...ng business relationships with, and selling products to, distributors that he knew would attempt to distribute his products throughout the United States. Meyer's distributors include one in New York and one headquartered in New Jersey. His products are sold generally to the printing industry. In light of those facts and the fact that Pennsylvania is a populous, industrialized state with a large number of printing operations, it is *inconceivable* that R. Meyer would not have forseen that his products would enter the Commonwealth of Pennsylvania and that he would be haled into court in Pennsylvania if his products caused a tortious injury within the state.

The differentiation by the majority of the panel of the Court of Appeals between tortious injury due to defective products, and tortious injury caused by an infringement of a United States Letters Patent, is improper, and in conflict with the decisions of the Seventh Circuit, and improperly conflicts with the prior decisions of the United States Supreme Court in evaluating the constitutional reach of the State Long-Arm Statutes.

CONCLUSION

For each and all of the foregoing reasons the Petition for A Writ of Certiorari should be granted.

Respectfully submitted,



Manny D. Pokotilow*
Max Goldman
Attorneys for Petitioner
Max Daetwyler Corp.

CAESAR, RIVISE, BERNSTEIN & COHEN, LTD.
Suite 800 — Stephen Girard Building
21 South 12th Street
Philadelphia, PA 19107
(215) 567-2010
Of Counsel
September 16, 1985
*Counsel of Record

APPENDIX

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

No. 84-1024

MAX DAETWYLER CORP.
A New York Corporation

v.

R. MEYER
A West German Corporation,

Rolf Meyer, *Appellant*

On Appeal from the District Court
for the Eastern District of Pennsylvania
D.C. Civil No. 82-4712

Argued November 1, 1984

BEFORE: GARTH and SLOVITER, *Circuit Judges*
and BARRY, *District Judge*•

(Opinion filed May 22, 1985)

Peter T. Cobrin (Argued)
Stempler & Cobrin
130 West 57 Street
New York, New York 10019
Attorney for Appellant

•Honorable Maryanne Trump Barry, United States District Judge for the District of New Jersey, sitting by designation.

MAY 23 1985
CAESAR, RIVISE, BERNSTEIN & COHEN, P.C.

Manny D. Pokotilow (Argued)
Caesar, Rivise, Bernstein &
Cohen, Ltd.
Suite 800 Stephen Girard Bldg.
21 South 12 Street
Philadelphia, Pennsylvania 19107
Attorney for Appellee

OPINION OF THE COURT

GARTH, *Circuit Judge:*

This appeal comes to us as a certified question pursuant to 28 U.S.C. § 1292(b). We are asked to decide whether personal jurisdiction over an alien defendant, who is being sued on a claim arising under federal law, may be founded on the alien's aggregated contacts with the United States, regardless of the sufficiency of his contacts with the state in which the district court sits.

We hold that in the absence of a governing federal statute providing for nationwide service of process, in personam jurisdiction may not rest upon an alien's aggregated national contacts. We also hold that personal jurisdiction in Pennsylvania may not be obtained under the Pennsylvania long-arm statute, 42 Pa. Cons. Stat. Ann. § 5322 (Purdon 1981).

I.

Max Daetwyler Corporation is a New York corporation that manufactures and sells doctor blades. Doctor blades are devices with reduced thickness edges used to wipe excess ink from the printing surfaces of a rotogavure printing form. Daetwyler commenced this patent infringement action in the Eastern District of

Pennsylvania against Rolf Meyer, a West German citizen doing business as a sole proprietor. Meyer manufactures and sells reduced thickness edge doctor blades.

The manufacture of Meyer blades takes place in Germany and the blades are thereafter sold in the United States by an independent American distributor, Henry P. Korn of New York. Sales of Meyer blades are also made by Uddeholm Corporation, a Delaware corporation which Daetwyler alleges acts as a middleman or distributor for Meyer. Uddeholm takes title to the blades in West Germany, warehouses them in Cleveland, and ships them from there to domestic customers. On occasion, Uddeholm instructs Meyer to ship doctor blades directly to American customers, but no such direct shipments have been sent by Meyer to Pennsylvania.

Meyer initially moved to dismiss this action for lack of in personam jurisdiction. Meyer contended that he had never been to Pennsylvania, had no affiliating contacts with Pennsylvania, and had never done business in Pennsylvania. Daetwyler argued that jurisdiction over Meyer was properly asserted on the basis of both the "transacting business" provision of the Pennsylvania long arm statute, 42 Pa. Cons. Stat. Ann. § 5322(a)(1) (Purdon 1981)[1], and the totality of

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1. The Pennsylvania long-arm statute, 42 Pa. Cons. Stat. Ann. § 5322, provides in pertinent part:

> § 5322. Bases of personal jurisdiction over persons outside this Commonwealth
>
> (a) General rule.--A tribunal of this Commonwealth may exercise personal jurisdiction over a person (or the personal representative of a deceased individual who would be subject to jurisdiction under this subsection if not deceased) who acts directly or by an agent, as to a cause of action or other matter arising from such person:

Meyer's contacts with the United States as a whole. Although the district court concluded that Meyer had insufficient contacts with Pennsylvania to support personal jurisdiction founded on the state long-arm statute, it nonetheless held that Meyer's aggregate national contacts yielded personal jurisdiction to determine a federal claim asserted against an alien defendant. *See Max Daetwyler Corp. v. R. Meyer*, 560 F. Supp. 869, 870 (E.D. Pa. 1983).

Upon motion by Meyer, the district court certified the question of in personam jurisdiction for appeal to this court. *See Max Daetwyler Corp. v. R. Meyer*, 575 F. Supp. 280 (E.D. Pa. 983). We, in turn, granted Meyer's petition for leave to appeal pursuant to 28

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(1) Transacting any business in this Commonwealth. Without excluding other acts which may constitute transacting business in this Commonwealth, any of the following shall constitute transacting business for the purpose of this paragraph:

(i) The doing by any person in this Commonwealth of a series of similar acts for the purpose of thereby realizing pecuniary benefit or otherwise accomplishing an object.

(ii) The doing of a single act in this Commonwealth for the purpose of thereby realizing pecuniary benefit or otherwise accomplishing an object with the intention of initiating a series of such acts.

(iii) The shipping of merchandise directly or indirectly into or through this Commonwealth.

(iv) The engaging in any business or profession within this Commonwealth, whether or not such business requires license or approval by any government unit of this Commonwealth.

(v) The ownership, use or possession of any real property situate within this Commonwealth.

U.S.C. § 1292(b).[2]

II.

The issue before this court is whether, in the enforcement of claims arising under federal law, a federal court is bound to follow the particular jurisdictional principles of the state in which it sits or whether it is free to develop a federal test of amenability to suit. The question is, in effect, one of the proper influence of the source of law -- state or federal -- in determining the bases for the personal jurisdiction in the federal courts.

The central concern of a jurisdictional inquiry is the relationship among the defendant, the forum, and the litigation. *See International Shoe Co. v. Washington*, 326 U.S. 310, 316, 66 S. Ct. 154, 158, 90 L.Ed. 95 (1945); *Shaffer v. Heitner*, 433 U.S. 186, 209 (1977). Because personal jurisdiction necessarily addresses both the power of the court to create or affect legal interests and the rules of competence whereby

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2. Although in the present case the underlying substantive claim is one of patent infringement, this interlocutory appeal properly lies in this court. The Federal Courts Improvement Act of 1982 Pub. L. No. 97-164, Title I, § 127(a), 96 Stat. 37 (1982), codified at 28 U.S.C. § 1295, vests exclusive appellate jurisdiction over patent matters in the Court of Appeals for the Federal Circuit. The Federal Circuit's jurisdiction over interlocutory appeals, however, is confined to those cases arising under 28 U.S.C. § 1292(a). Certified interlocutory appeals pursuant to 28 U.S.C. § 1292(b) are not within the Federal Circuit's jurisdiction. *See* 28 U.S.C. § 1292(c) (1982). The Federal Circuit itself has acknowledged that it lacks jurisdiction to entertain questions certified under section 1292(b). *See* Harrington Manufacturing Co. v. Powell Manufacturing Company, Inc., 709 F.2d 710 (Fed. Cir. 1983). We note that a proposed bill, Technical Amendments to the Federal Courts Improvement Act of 1982, H.R. 4222, 98th Cong., 2d Sess. (1984) would extend the jurisdiction of the Federal Circuit to include certified interlocutory appeals. That bill, however, has failed, as yet, to gain Congressional approval.

adjudicatory authority is asserted, it is tested against both constitutional and statutory standards. *See World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 298 (1980); *Stabilisrierungsfonds Fur Wein v. Kaiser Stuhl Wine Distributors*, 647 F.2d 200, 203 (D.C. Cir. 1981); Restatement (Second) of Conflict of Laws, Ch. 3, Introductory Note at 100-03 (1971).

In general, a court, confronted with a question of the sufficiency of a defendant's contacts with the forum state, would look to the state's long-arm statute and then determine whether the exercise of jurisdiction would satisfy due process. In Pennsylvania, whose jurisdictional statute expressly incorporates the federal due process standard, the inquiry is principally one into the constitutional propriety of the exercise of jurisdiction. *See Van Bushkirk v. Carey Canadian Mines, Ltd.*, Nos. 82-1608, 82-1622, slip op. at 14 (3d Cir. April 17, 1985). While normally we consider constitutional issues only after considering statutory arguments, *see Hagans v. Lavine*, 415 U.S. 528, 543 (1974), we are here presented with an issue where statutory and constitutional considerations are intertwined. Indeed, because of the nature of the national contacts theory, which seeks to redefine the area of minimum contacts sufficient to satisfy due process and hence to provide a federal test of amenability to suit, a greater importance attaches to the due process inquiry at the very outset.

A.

Because this action arises under the patent laws, the due process clause of the fifth amendment guides the constitutional branch of the jurisdictional inquiry. *See DeJames v. Magnificence Carriers, Inc.*, 654 F.2d 280, 283 (3d Cir. 1981). The fifth amendment has been construed to impose a general fairness test incorporating *International Shoe*'s requirement that

"certain minimum contacts" exist between the non-resident defendant and the forum "such that maintenance of the suit does not offend 'traditional notions of fair play and substantial justice.'" *International Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945); *see also Honeywell, Inc. v. Metz Apparatewerke*, 509 F.2d 1137, 1143 (7th Cir. 1975); *Fraley v. Chesapeake & Ohio Railway*, 397 F.2d 1, 4 (3d Cir. 1968).

In the present case, it is the situs of the requisite minimum contacts that is at issue. Daetwyler argues that because a federal question is raised, a national contacts theory should inform the exercise of the court's jurisdiction. Under the national contacts theory, the proper inquiry in determining personal jurisdiction in a case involving federal rights is one directed to the totality of a defendant's contacts throughout the United States. *See Edward J. Moriarty & Co. v. General Tire & Rubber Co.*, 289 F. Supp. 381, 390 (S.D. Ohio 1967) ("the appropriate inquiry to be made in a federal court where the suit is based upon a federally created right is whether the defendant has certain minimal contacts with the United States."); *see also First Flight Co. v. National Carloading Corp.*, 209 F. Supp. 730, 736 (E.D. Tenn. 1962) ("One fundamental principle of the Anglo-American law of jurisdiction is that a sovereignty has personal jurisdiction over any defendant within its territorial limits, and that it may exercise that jurisdiction by any of its courts able to obtain service upon the defendant.") The hallmark of the theory is that "it is not the territory in which a court sits that determines the extent of its jurisdiction, but rather the geographical limits of the unit of government of which the court is a part." *Cryomedics, Inc. v. Spembly, Ltd.*, 397 F. Supp. 187, 291 (D. Conn. 1975); *see also Centronics Data Computer Corp. v. Mannesmann,*

A.G., 423 F. Supp. 659, 663-64 & n.1 (D.N.H. 1977); *Holt v. Klosters Rederi A/S*, 355 F. Supp. 354, 357 (W.D. Mich. 1973); *Alco Standard Corp. v. Benalal*, 345 F. Supp. 14 (E.D. Pa. 1972).

To aggregate the national contacts of an alien defendant in order to obtain personal jurisdiction may be neither unfair nor unreasonable when assessed by fifth amendment standards.[3] Although the minimum contacts test established by *International Shoe* is itself a fairness inquiry, the scope of that inquiry necessarily acknowledges that the constitutionality of a state's assertion of in personam jurisdiction reflects territorial limitations on the power of an individual state.[4] Those strictures of fourteenth amendment due process analysis which attempt to prevent encroachment by one state upon the sovereignity of another do not apply with equal force to the adjudication of a federal claim in a federal court. *See Hanson v. Denckla*, 357 U.S. 235, 257 (Restrictions on state jurisdiction "are more than a guarantee of immunity for inconvenience or distant

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3. The constitutional validity of national contacts as a jurisdictional base is confirmed by those statutes which provide for nationwide service of process or service wherever defendant is "doing business" or "may be found." *See, e.g.*, 28 U.S.C. §§ 1335, 1397, 2361 (1982) (interpleader actions); 28 U.S.C. § 1655 (1982) (actions seeking to assert rights in real or personal property); 28 U.S.C. § 1695 (1982) (shareholders' suit against corporation).

4. Several commentators have noted that the interstate federalism concerns which animate fourteenth amendment due process analysis under *International Shoe* and its progeny are diminished in the fifth amendment context. *See* Green, *Federal Jurisdiction in Personam of Corporations and Due Process*, 14 Vand. L. Rev. 967 (1961); von Mehren & Trautman, *Jurisdiction to Adjudicate: A Suggested Analysis*, 79 Harv. L. Rev. 1121, 1125 n.6 (1966); Note, *Alien Corporations and Aggregate Contacts: A Genuinely Federal Jurisdictional Standard*, 95 Harv. L. Rev. 470, 484 (1981); Note, *Jurisdiction of Federal District Courts Over Foreign Corporations*, 69 Harv L. Rev. 508, 516-17 (1956).

litigation. They are a consequence of territorial limitations on the power of the respective States.") Nor, unless state boundaries are themselves deemed to correspond to areas of fundamental fairness, should an alien defendant's preference for a particular state as a more or less convenient forum generally rise to the level of a constitutional objection.[5]

In the instant case, Meyer employs Korn as a distributor for his manufactured blades. Shipments of Meyer blades are also made periodically to Uddeholm Corporation (a Delaware corporation with warehouses in Cleveland), which in turn advertises and solicits sales for generic doctor blades. The district court found these contacts sufficient to yield nationwide personal jurisdiction where the claim asserted arises under federal law.

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5. Courts have frequently noted that considerations of convenience may differ depending upon whether the defendant is an alien corporation or a domestic corporation whose principal activities are conducted outside the forum state. Thus, one court has stated that "corporations who are headquartered in foreign lands are no more inconvenienced by a trip to one state than another." Centronics Data Computer Corp. v. Mannesmann, A.G., 432 F. Supp. 659, 663 (D.N.H. 1977); *accord* DeJames v. Magnificence Carriers, Inc., 491 F. Supp. 1276, 1281 (D.N.J. 1980), *aff'd* 654 F.2d 280 (3d Cir. 1981); Wells Fargo & Co. v. Wells Fargo Express Co. 556 F.2d 406, 416 (9th Cir. 1977); Ag-Tronic, Inc. v. Frank Paviour Ltd., 70 F.R.D. 393, 401 (D. Neb. 1976) (supplemental opinion); Cryomedics, Inc. v. Spembly, Ltd., 397 F. Supp. 287, 292 (D. Conn. 1975); Engineered Sports Products, v. Brunswick Corp., 362 F. Supp. 722, 728-29 (D. Utah 1973).

Those few courts which had adopted the national contacts theory have relied upon federal transfer provisions to reduce any inconvenience that results from an alien defendant's broadened susceptibility to suit. *See, e.g.*, Holt v. Klossters Rederi A/S, 355 F. Supp. 354 (W.D. Mich. 1973); *cf.* Cryomedics, Inc. v. Spembly, Ltd., 397 F. Supp. 287, 290 (D. Conn. 1975) ("If the defendant's contacts with the United States are sufficient to satisfy the fairness standards of the Fifth Amendment . . . then the only limitation on place of trial would be the doctrine of *forum non conveniens*.")

Yet, even if the relevant area in delineating contacts were the United States as a whole, we would nonetheless be required to ask whether the quality and quantity of Meyer's contacts were constitutionally adequate to support personal jurisdiction. For although the present fifth amendment due process inquiry need not address concerns of interstate federalism, it must still consider the remaining elements of the minimum contacts doctrine as developed by *International Shoe* and its progeny.

The line of cases from *International Shoe* to *World-Wide Volkswagen Corp. v. Woodson*, 44 U.S. 286, 100 St. Ct. 559, 62 L. Ed. 2d 490 (1980) mandates that, in assessing the sufficiency of Meyer's contacts, this court examine both the extent to which Meyer availed himself of the privileges of American law and the extent to which be could reasonably anticipate being involved in litigation in the United States. *See Kulko v. California Superior Court*, 436 U.S. 84, 97-98 (1978); *Shaffer v. Heitner*, 433 U.S. 186, 216 (1977); *Hanson v. Denckla*, 357 U.S. 235, 253 (1958). Although the assertion of jurisdiction might well be justified on the ground that only then could the substantive policies of the patent laws be given effect, we believe an inquiry into affiliating circumstances, even if national in scope, is nonetheless necessary. Otherwise, a plaintiff's unilateral activity might suffice to establish personal jurisdiction over an alien defendant.

The presence of Meyer's blades in the United States is neither fortuitous nor the result of a single transaction. Rather, Meyer, by means of Korn and possibly Uddeholm, has attempted to serve indirectly the domestic market for his product.[6]

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6. We note in a fifth amendment context, no less than in a fourteenth amendment context, the dispositive analysis of whether commerce alone serves to ground personal jurisdiction must be

Although we do not decide the issue, we can appreciate the argument that a federal statute, prescribing nationwide *personal* jurisdiction on the basis of a defendant's aggregated national contacts, might itself be constitutional. We are, however, unaware of any federal statute which presently authorizes district courts to found personal jurisdiction upon such aggregated contacts.

B.

In the absence of a federal statute authorizing nationwide service of process, federal courts are referred to the statutes or rules of the states in which they sit. Rule 4(e) of the Federal Rules of Civil Procedure provides in pertinent part:

> Whenever a statute or rule of court of the state in which the district court is held provides (1) for the service of a summons, or a notice, or of an order in lieu of summons upon a party not an inhabitant of or found within the state, . . . service may . . . be

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conducted under the "foreseeability" test enunciated in *World-Wide Volkswagen*, 444 U.S. at 296-97. Clearly, if due process analysis were concerned merely with territoriality, the presence of Meyer's product would be enough to yield jurisdiction based on national contacts.

The *Volkswagen* Court, however, made it apparent that fairness requires something more: individuals should be given fair notice about which activities would make them amenable to suit in a state forum. The Court was concerned that if foreseeability alone were the criterion, sellers of goods would confront widened bases of personal jurisdiction. *See* 444 U.S. at 296 ("Every seller of chattels would in effect appoint the chattel his agent for service of process.") By extrapolation, in the present context, that foreseeability which is of constitutional significance is not the mere likelihood that a product will enter the United States, but rather that Meyer, by shipping his product to various areas of this nation, should reasonably anticipate being haled into court in Pennsylvania, despite the insufficiency of his contacts with that particular forum.

made under the circumstances and in the manner prescribed in the statute or rule.

When a federal question case arises under a federal statute that is silent as to service of process, Rule 4(e) adopts an incorporative approach requiring that both the assertion of jurisdiction and the service of process be gauged by state amenability standards.[7] Rule 4(e), incorporating state jurisdictional provisions, thus invites the problems posed by this appeal.

We have recognized in the past that use of a state standard may produce anomalous results when

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7. The "under the circumstances" language of Rule 4(e) has been interpreted to require the use of state jurisdictional provisions. *See* DeMelo v. Touch Marine, Inc., 711 F.2d 406, 418 (5th Cir. 1977); Wells Fargo & Company v. Wells Fargo Express Company, 556 F.2d 406, 418 (9th Cir. 1977); AG-Tronic, Inc. v. Frank Paviour, Ltd., 70 F.R.D. 393, 400 (D.Neb. 1976); Edward J. Moriarty & Co. v. General Tire & Rubber Co., 289 F. Supp. 381, 390 (S.D. Ohio 1967). Professors Wright and Miller propose a similar interpretation:

> When service is made under rule 4(e) on a person not an inhabitant of or found within the state, it is unclear whether state or federal law governs amenability. It has been held that the phrase "under the circumstances," which was inserted in Rule 4(e) in 1963 regarding service under state statutes, concerns amenability to suit as well as the other circumstances relating to process and thus provides some specific evidence that the state test should control when service is made under Rule 4(e). This view seems particularly appropriate when a state statute relating to quasi-in-rem jurisdiction is used since the Advisory Committee Notes to the 1963 amendment seem to indicate a clear intent to conform to state practice in that context. It also should be pointed out that the word "circumstances" does not refer to the nature of the claim but rather to the nature of the acts giving rise to the claim. Thus, service in the manner provided by state law may be made under Rule 4(e) even in cases exclusively within the federal question, rather than the diversity, jurisdiction of the federal courts.

applied to the litigation of a federal claim. *See DeJames v. Magnificence Carriers, Inc.*, 654 F.2d 280, 284 (3d Cir. 1981). In enacting a jurisdictional statute, a state legislature is generally limited by the due process constraints of the fourteenth amendment. Rule 4(e), by remitting federal courts to state statutes, imposes similar fourteenth amendment due process restrictions on the jurisdictional reach of federal courts hearing nondiversity cases.[8] This, in turn, leads to the

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> On balance, then, it would seem that state law always should govern amenability when a state statute is used pursuant to Rule 4(e). Although the opposite result has some appeal in that it permits effectuation of federal interest in a broader range of suits, it is inconsistent with the apparent intent of the draftsmen of Rule 4(e) to use state provisions for service in order to permit the federal courts in a state to hear those cases that could be brought in the state's own courts when a basis for asserting federal subject matter jurisdiction exists.

4 C. Wright & A. Miller, Federal Practice & Procedure § 1075 at 312-13 (1969 & Supp. 1983).

8. We note that the Pennsylvania long-arm statute provides that jurisdiction over nonresidents shall exist "to the fullest extent allowed under the Constitution of the United States and may be based on the most *minimum contact with this Commonwealth* allowed under the Constitution of the United States." 42 Pa. Cons. Stat. Ann. § 5322(b) (emphasis added). We need not therefore decide whether in the case of an alien defendant, Pennsylvania could assert jurisdiction to the full extent allowable under a fifth amendment due process analysis.

Although it is arguable that those liberty interests which the fourteenth amendment protects against encroachment through an overbroad assertion of personal jurisdiction, *see* Insurance Corporation of Ireland, Ltd. v. Compagnie des Bauxites de Guinee, ____ U.S. ____, 102 S. Ct. 2099, 2104-05 n.10 (1982), may differ in the case of an alien defendant, the Pennsylvania statute by its terms contemplates that personal jurisdiction shall be based solely upon contacts with the state. The Pennsylvania legislature thus obviously confined itself to the due process restrictions of the fourteenth amendment. Under Rule 4(e) and *DeJames*, we are

prospect of a federal court refusing to adjudicate a federal claim because the courts of the state in which it sits could not accept jurisdiction.

Although the uniform administration of federal law might be enhanced were Congress to establish a general federal question competence statute, in the absence of such legislation, we are required to follow the incorporative provisions of Rule 4(e). As we stated in *DeJames*, while use of state amenability standards creates anomalies, "it would be equally anomalous to utilize a state long-arm rule to authorize service of process in a manner that the state body enacting the rule could not constitutionally authorize." 654 F.2d at 284.

This court is not the first to confront the national contacts theory. Although other courts have generally acknowledged the logic of inquiry into a defendant's contacts with the United States when an action is based upon a federally created right, they reason they must have a federal rule or statute authorizing nationwide or worldwide service of process before the national contacts theory can be applied. *See, e.g., Wells Fargo & Co. v. Wells Fargo Express Co.*, 556 F.2d 406, 418 (9th Cir. 1977) (refused to aggregate national contacts since Lanham Act did not grant the court broad service of process powers); *Superior Coal Co. v. Ruhrkohle, A.G.*, 83 F.R.D. 414, 418-20 (E.D. Pa. 1979) (rejected national contacts theory in action instituted under the Clayton and Anti-Dumping Acts); *Amburn v. Harold Foster Industries, Ltd.*, 423 F.

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similarly confined. Nor do we believe that we are free to disregard those aspects of state law, which do not seem to accord with pursuit of a federal claim, without usurping the prerogative of Congress. *But see* von Mehren & Trautman, *supra*, at 1125 n.6 ("Perhaps it would be useful when state provisions are used, as it were by default, in the enforcement of federal claims, to recognize that some aspects of the state law can be disregarded.")

Supp. 1302 (E.D. Mich. 1976) (court limited to considering contacts with state in patent infringement action in absence of authority for nationwide service of process); *Graham Engineering Corp. v. Kemp Products Ltd.*, 418 F. Supp. 915, 919-20 (N.D. Ohio 1967) (same); *Ag-Tronic, Inc. v. Frank Paviour Ltd.*, 70 F.R.D. 393, 401 (D. Neb. 1976) (same); *Edward J. Moriarty & Co. v. General Tire & Rubber Co.*, 289 F. Supp. 381, 389-90 (S.D. Ohio 1967) (must meet qualifications for state long-arm statutes in action brought under the Sherman Act).

Even those few courts which have accepted the national contacts theory have ultimately grounded jurisdiction upon satisfaction of a state long-arm statute. *See Honeywell, Inc. v. Metz Apparatewerke*, 509 F.2d 1137 (7th Cir. 1975) (in patent infringement action against German defendant, jurisdiction found under Illinois long-arm statute); *Centronics Data Computer Corp. v. Mannesmann, A.G.*, 432 F. Supp. 659, 664 (D.N.H. 1977) (jurisdiction over German defendant in action alleging conspiracy to violate the antitrust laws based partly on New Hampshire long-arm statute); *Engineered Sports Products v. Brunswick Corp.*, 362 F. SUpp. 722, 728 (D.Utah, 1973) (in patent infringement claim against European defendants, court finds jurisdiction under Utah long-arm statute); *cf. Holt v. Klosters Rederi A/S*, 355 F. Supp. 354 (W.D. Mich. 1973) (in action under Death on High Seas Act, jurisdiction found on basis of aggregate contacts, although case transferred to Florida where foreign defendant had multiple contacts); *but see Cryomedics, Inc. v. Spembly, Ltd.*, 397 F. Supp. 287, 288 290-92 (D. Conn. 1975) (patent infringement action in which district court held that all of British defendant's American activities could be aggregated to establish in personam jurisdiction in Connecticut because, in part, state long-arm statute

had been interpreted by state courts to extend to the limits of due process).

Because, in the absence of a governing federal statute, we have found no authority for exercising personal jurisdiction over Meyer on the basis of his contacts with states other than Pennsylvania, we reject the national contacts theory on which the district court predicated its jurisdiction. We conclude that in the absence of some provision within the patent laws authorizing nationwide service of process, the district court's power to exercise in personam jurisdiction is limited by Fed. R. Civ. P. 4(e) and by the Pennsylvania long-arm staute, whose incorporation by reference, Rule 4(e) requires.

III.

It remains to be decided whether personal jurisdiction over Meyer may be obtained under the Pennsylvania long-arm statute, 42 Pa. Cons. Stat. Ann. § 5321 et seq. (Purdon 1981). Daetwyler argues that personal jurisdiction exists under the "transacting business" provision of the Pennsylvania statute because Meyer, through Uddeholm, indirectly ships doctor blades into the state.[9] On the record before it, the district court concluded it would be hard pressed to find contacts sufficient to sustain jurisdiction.[10] 560 F. Supp. at 870. We agree.

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9. 42 Pa. Cons. Stat. Ann. § 5322(a)(1)(iii) provides that personal jurisdiction over a nonresident may be obtained on the basis of transacting business, defined as "the shipping of merchandise directly or indirectly into or though [Pennsylvania]." See note 1, *supra*, for full text.

10. Not only did the district court acknowledge that it would be hard pressed to find contacts with Pennsylvania sufficient to support jurisdiction, but the district court, in certifying the present appeal, also stated that an immediate appeal could materially advance the termination of the litigation because this court, if it disagreed with the district court's "national contacts"

Meyer's independent American distributor, Henry P. Korn Associates, Inc., has sold no Meyer products in Pennsylvania. *See* Deposition of Henry P. Korn, App. at 69b. Nor does Meyer himself have any direct contacts with the state. Daetwyler, however, contends that Uddeholm also acts as a distributor for Meyer products and that Uddeholm has both advertized and sold Meyer blades within the state. Although Uddeholm's status as a distributor remains in dispute, record evidence demonstrates that during 1981 and 1982, Uddeholm shipped Meyer blades to three customers in Pennsylvania. *See* Deposition of Thomas W. Knudsen, App. at 88b. These shipments were made from Uddeholm's warehouse in Cleveland, and the blades were sold as generic Uddeholm products. Uddeholm also placed advertisements for Uddeholm doctor blades, among which Meyer products, although unnamed, might be included, in several trade publications. *See* Deposition of Thomas W. Knudsen, App. at 101b.

It is axiomatic that the issue of minimum contacts turns on the specific facts of each case, and that the existence or absence of personal jurisdiction depends upon an assessment of the quality and nature of a defendant's activity. *See Hanson v. Denckla, supra.* To find that jurisdiction over Meyer exists, we must be satisfied that not only do the facts of this case satisfy the literal terms of the Pennsylvania statute, but also that sufficient affiliating circumstances, Meyer's contacts with the forum, exist to meet the demands of due process. We are not persuaded that the occasional

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analysis (as we have), "would presumably direct dismissal of the suit." 575 F. Supp. at 282. A reading of both statements compels the conclusion that the district court found jurisdiction lacking under the Pennsylvania statute. In ruling upon the question of jurisdiction under the Pennsylvania statute, we have done no more than apply the law to the facts of record as developed in the district court.

sales of Meyer products by Uddeholm satisfy the "indirect shipment" language of the Pennsylvania statute. Even if we were, however, it is doubtful whether such sales may be deemed acts of purposeful affiliation by Meyer adequate to satisfy due process.

To support jurisdiction Daetwyler, in essence, argues for an expansive application of the "stream of commerce" theory. Under this theory, as construed by Daetwyler, jurisdiction exists because Meyer, through Uddeholm, participated in a distributive chain which might reasonably anticipate sales of Meyer products in major industrial markets, which should include Pennsylvania. Although this argument might have some force were national contacts a cognizable jurisdictional base, a theory which we have rejected, it is unpersuasive when applied to Meyer's requisite contacts with Pennsylvania. This is particularly so in light of *World-Wide Volkswagen*'s pronouncement that the mere likelihood that a product will enter the forum state cannot afford a constitutionally adequate contact.[11] 444 U.S. at 297.

We note that the stream of commerce theory evolved to sustain jurisdiction in products liability cases in which the product had traveled through an extensive chain of distribution before reaching the ultimate consumer. *See DeJames v. Magnificence*

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11. In *World-Wide Volkswagen, supra*, neither the manufacturer nor the national importer was before the Court. Rather, the *Volkswagen* Court was concerned with restricting the foreseeability criterion to protect local retailers from suits in distant fora. The decision may thus be read to suggest that a defendant manufacturer need not have transacted business in the forum state if it has attempted to cultivate a market for its goods within the state. The requirement that a foreign manufacturer attempt to develop a market, however, must subsume those purposeful affiliation requirements, beyond mere foreseeability, which allow a manufacturer to anticipate being sued within the forum state.

Carriers, Inc., supra at 285. In such cases, it was felt the presence of a distributor should not shield a manufacturer, whose products had caused harm to residents of the forum state, from the reach of the forum state's long-arm rule. It is debatable whether similar public policies are at stake in the present case.[12] Yet even if we assume that Daetwyler's interest

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12. The "stream of commerce" theory, as applied to sellers of goods in interstate or international commerce, largely adopts a jurisdictional scheme suggested by Professors von Mehren and Trautman. *See* von Mehren & Trautman, *supra*, note 4 at 1167-69. When a defendant engages in conduct that is essentially multistate in character, while the plaintiff's conduct remains essentially local, the jurisdictional preference traditionally accorded defendants is reversed. Actors, whose economic activities and legal relationships are predominantly multistate, thus confront broadened bases of personal jurisdiction, subject always to the threshold requirement of purposeful affiliation with the forum state.

Where, as here, plaintiff is also a multistate actor and where, unlike a products liability case, there is no showing of particularly localized harm, it is questionable whether the same tolerance for broad jurisdiction is reasonable. Presumably, Daetwyler would suffer no undue inconvenience if required to seek a forum in which Meyer is traditionally amenable to suit without resort to aggregated national contacts.

The dissent suggests that characterizing patent infringement as a tort may provide a basis for asserting personal jurisdiction over Meyer. 42 Pa. Cons. Stat. Ann. § 5322(4) provides that "[c]ausing harm or tortious injury by an act or omission" in the state may act as a basis for personal jurisdiction. Yet, even the fact that patent infringement may be deemed a tort cannot relieve a plaintiff from establishing that a defendant has sufficient minimum contacts with the forum state. Nor can the designation of patent infringement as a tort automatically satisfy the foreseeability requirement of *World-Wide Volkswagen*.

The dissent relies upon Horne v. Adolph Coors Co., 684 F.2d 255 (3d Cir. 1982); Honeywell, Inc. v. Metz Apparatewerke, *supra*, and Engineered Sports Products v. Brunswick Corp., *supra*, for the proposition that tortious injury may occur wherever the infringing products are sold. Apart from the fact that such a far-ranging

in enforcing substantive patent laws is at least equivalent to that of an injured user of manufactured goods in securing compensation, we have difficulty in finding that Uddeholm's sporadic transactions in Pennsylvania suffice to allow Meyer to anticipate being sued in Pennsylvania.

A review of the "stream of commerce" cases indicates that the manufacturers involved had made deliberate decisions to market their products in the forum state. *See Novinger v. E.I. DuPont de Nemours & Co., Inc.*, 89 F.R.D. 588 (M.D. Pa. 1981) (exercise of personal jurisdiction over third-party defendant, German manufacturer of automobile repair products, did not offend due process where significant number of products sold to one dealership in Pennsylvania); *Hicks v. Kawasaki Heavy Industries*, 452 F. Supp. 130 (M.D. Pa. 1978) (jurisdiction existed over manufacturer of motorcycles sold in Japan to American distributor and resold at retail by 55 dealerships in Pennsylvania); *Keene v. Multicore Solders Ltd.*, 379 F., Supp. 1279 (E.D. Pa. 1974) (jurisdiction found over British corporation which had made series of indirect shipments of its product into Pennsylvania); *Gorso v. Bell Equipment Corp.*, 376 F. Supp. 1027 (W.D. Pa. 1974) (jurisdiction sustained where French crane manufacturer sold crane indirectly

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theory, if carried to its logical extreme, might well result in the very "national contacts" theory which we have unanimously rejected, these cases are clearly distinguishable from the case sub judice.

In each cited case, not only were numerous sales made within the respective forum states, but also in personam jurisdiction was exercised to protect the intangible property interests of residents of the forum state. Here, as previously noted, there is no showing that Daetwyler's possible harm is uniquely located within Pennsylvania. Nor can Pennsylvania be said to have an interest in protecting a resident individual or corporation equivalent to the forum interests recognized in *Horne*, *Honeywell*, or *Engineered Sports*.

through distributor and thereafter delivered spare parts in forum state); *Saccamani v. Robert Reiser and Co., Inc.*, 348 F. Supp. 514 (W.D. Pa. 1972) (German manufacturer, who sold numerous meat choppers in Pennsylvania by means of a distributor, held subject to jurisdiction); *cf. Benn v. Linden Crane Co.*, 326 F. Supp. 995 (E.D. Pa. 1971) (jurisdiction found over Swedish crane manufacturer whose product sold through distributive chain).[13] The present case is thus distinguishable from those cases in which the foreign manufacturer of a defective product had either indirectly derived substantial benefit from the forum state or had a reasonable expectation of doing so. We cannot therefore conclude that Meyer's contacts with Pennsylvania are adequate to satisfy the demands of due process.

Our attention has been called to *Kenny v. Alexson Equipment Co.*, 432 A.2d 974, 1984. In *Kenny*, the Supreme Court of Pennsylvania suggested that the "purposeful participation by the seller [of a product] in a continuous distributive chain" might meet the minimum contacts requirement. Such participation,

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13. Daetwyler relies heavily upon Benn v. Linden Crane Co., *supra*, to support the exercise of jurisdiction in the present case. *Benn*, a diversity action, was an early case construing the "indirect shipment" language of a prior version of the Pennsylvania statute. In *Benn*, a Swedish manufacturer sold a crane F.O.B. Sweden to a Connecticut purchaser who acted as the exclusive American distributor of the manufacturer's products. The Swedish manufacturer had no direct contacts with Pennsylvania, but evidence obtained during discovery revealed the manufacturer had some knowledge its products would eventually be used in Pennsylvania. On the basis of this record, the court held the foreign manufacturer subject to jurisdiction in a products liability action. *Benn*, of course, was decided before *World-Wide Volkswagen*. It is arguable whether *Volkswagen's* heightened foreseeability criterion was met in *Benn*. In the present case, however, evidence indicating Meyer could anticipate either use of its product or litigation in Pennsylvania, is totally lacking.

however, cannot itself yield jurisdiction in the absence of some indicia of purposeful affiliation with the forum state. In the present case, Meyer's contacts with Pennsylvania are insufficient to enable us to conclude that Meyer either attempted to obtain any benefit from the state or could reasonably expect to be haled into court there. To hold that Uddeholm's intermittent sales of Meyer blades evidences continuous distributive activity, capable and certain of repetition, is to allow the mere possibility of future contact to support jurisdiction. We do not believe such hypothetical contacts can ground jurisdiction. Nor can Uddeholm's occasional advertisements of its generic products be deemed such a sustained promotional campaign, directed to residents of Pennsylvania, that jurisdiction over Meyer may be obtained thereby. *See Jacobs v. Lakewood Aircraft Service Inc.*, 493 F. Supp. 46 (E.D. Pa. 1980); *Hart v. McCollum*, 376 A.2d 644 (Pa. Super. 1977).

On the record before us, we find Meyer lacks sufficient minimum contacts with Pennsylvania to sustain the exercise of personal jurisdiction. That part of the district court opinion, holding jurisdiction cannot be found under the Pennsylvania statute, will therefore be affirmed.

IV.

In summary, we hold that in the absence of a governing federal statute providing for nationwide service of process, in personam jurisdiction may not rest upon an alien defendant's aggregated contacts with the United States. Meyer also lacks the requisite minimum contacts with Pennsylvania to support jurisdiction.

Accordingly, we will affirm so much of the district court's order dated April 13, 1983 as holds Meyer is not amenable to suit under the Pennsylvania long arm

statute. We will reverse so much of that order as retains jurisdiction over Meyer based on national contacts and we will direct that the district court enter an order dismissing Daetwyler's action.

SLOVITER, *Circuit Judge*, Dissenting.

I.

I concur in the majority's conclusion reached in Part II that the district court erred in asserting jurisdiction on the basis of Meyer's contacts with the United States as a whole. I am unable to join Part II of the majority's opinion, however, because, in my view, it fails to properly state and apply settled principles of personal jurisdiction. I dissent from Part III of the opinion because it reflects too narrow a view of the scope of personal jurisdiction. Instead of directing dismissal of this action, I would remand to the district court for further findings on Meyer's contacts with Pennsylvania.

II.

While the majority gives lip service to the steadfast principle of judicial procedure that we reach the constitutional issues only after exhausting the statutory alternatives, *Hagans v. Lavine*, 415 U.S. 528, 543 (1974); *Ashwander v. Tennessee Valley Authority*, 297 U.S. 288, 346-47 (1936) (Brandeis, J., concurring), it fails to apply that principle. Plaintiff sought to predicate jurisdiction on either of two bases, first, the "national contacts" doctrine accepted by the district court, which is essentially a federal basis for jurisdiction, and second, the application of Pennsylvania law. In its discussion of the national contacts theory, I see no reason for the majority's failure to follow the proper order of analysis and

consider the statutory issue before reaching the constitutional issue. The majority's explanation that it is free to reverse the inquiry because the Pennsylvania statute incorporates the federal due process standard, see Majority typescript opinion at 8, is unconvincing because Pennsylvania law is irrelevant to the national contacts theory. Thus I cannot join Part II of the majority opinion because it fails to address *first* whether there is statutory authority for service of process and personal jurisdiction, *see, e.g., Van Buskirk v. Carey Canadian Mines, Ltd.*, Nos. 82-1608/1622, slip op. at 14 (3d Cir. April 17, 1985), and instead engages in an unnecessary discussion of due process.

I agree, however, with the majority's conclusion that we cannot sustain jurisdiction over Meyer on the theory of national contacts adopted by the district court. The district court failed to consider whether there was any federal statutory authority for nationwide service of process. Since there is no such authority in a suit for patent infringement, we need not decide whether it would be constitutional to assert personal jurisdiction over an alien defendant solely on the basis of the alien's national contacts. *See Wells Fargo & Co. v. Wells Fargo Express Co.*, 556 F.2d 406, 416-18 (9th Cir. 1977).

In *DeJames v. Magnificence Carriers, Inc.*, 654 F.2d 280, 286 n.3 (3d Cir.), *cert. denied*, 454 U.S. 1085 (1981), we accepted for purposes of argument that "*if* service can be made by wholly federal means," aggregate contacts with the United States might be considered. There we found that the suggested "wholly federal means" of service, a treaty, could not support the service of process. Here, no "wholly federal means" is even suggested. Since the absence of such authorization is dispositive of the application of any national contacts theory in this case, I see no reason

why the majority proceeds with its discussion of the constitutional basis for such a theory.

Furthermore, I find certain statements obscure and various parts of the discussion confusing. For example, though the majority disclaims deciding whether there are enough contacts here to satisfy due process under the Fifth Amendment, it nonetheless hints that there are. However, a recent scholarly work suggests that there may indeed be constitutional limits imposed by the Due Process Clause of the Fifth Amendment to unrestricted nationwide personal jurisdiction. *See* Fullerton, *Constitutional Limits on Nationwide Personal Jurisdiction in the Federal Courts*, 79 Nw. U. L.Rev. 1 (1984). I believe that we would do better from a jurisprudential standpoint to decide the case before us, relying on the absence of a federal statute authorizing service of process in this situation.

III.

Because there is no statute of the United States prescribing the manner of service, we are remitted under Fed. R. Civ. P. 4(e) to state law, here Pennsylvania's long-arm statute, to determine Meyer's amenability to suit.

Initially, I note that this issue goes beyond that which the district court certified under 28 U.S.C. § 1292(b). In its statement made with respect to certification, the district court stated that the controlling question of law certified "is whether, because defendant is being sued in the Eastern District of Pennsylvania on a claim arising under federal law, *in personam* jurisdiction in this district is constitutionally supportable on the basis of the defendant's aggregate contacts with the United States taken as a whole?" *Max Daetwyler Corp. v. Meyer*, 575 F. Supp. 280, 284 (E.D. Pa. 1983). We are, however,

not limited by the precise question certified by the district court. In interpreting the scope of our jurisdiction under 28 U.S.C. § 1292(b), we have held that "once leave to appeal is granted the court of appeals is not restricted to a decision of the question of law which in the district judge's view was controlling." *Katz v. Carte Blanche Corp.*, 496 F.2d 747, 754 (3d Cir.) (in banc), *cert. denied*, 419 U.S. 885 (1974). *See also Struble v. New Jersey Brewery Employees' Welfare Trust Fund*, 732 F.2d 325, 336 n.10 (3d Cir. 1984); *Johnson v. Alldredge*, 488 F.2d 820, 822-23 (3d Cir. 1973), *cert. denied*, 419 U.S. 882 (1974).

Thus I turn, as did the majority, to the remaining issue of whether jurisdiction can be asserted over Meyer under the Pennsylvania long arm statute. Significantly, under that statute jurisdiction "may be based on the most minimum contact *with this Commonwealth* allowed under the Constitution of the United States." 42 Pa. Cons. Stat. Ann. § 5322(b) (1981) (emphasis added). The Pennsylvania statute does not purport to authorize jurisdiction based on a defendant's aggregate contacts with the United States. Moreover, even if it did, *DeJames* commits us to viewing the Pennsylvania statute as limited by the Fourteenth Amendment, precluding the exercise of jurisdiction in the absence of the requisite contacts with the forum state. 654 F.2d at 284.

The majority holds that the provision of the Pennsylvania long-arm statute authorizing jurisdiction over nonresidents who ship merchandise, albeit indirectly, into Pennsylvania, 42 Pa. Cons. Stat. Ann. § 5322(a)(1)(iii), is inapplicable here. I believe the majority errs in reading the district court's opinion as holding that Meyer's contacts are insufficient under this provision. Rather, the district court noted certain factual disputes and stated that it would be "hard pressed" to find the contacts sufficient. *Max*

Daetwyler Corp. v. Meyer, 560 F. Supp. 869, 870 (E.D. Pa. 1983), but it never so held definitively. Instead it turned to the national contacts theory, and because it found Meyer's aggregate contacts with the United States were sufficient to justify the exercise of jurisdiction it never returned to Pennsylvania law. Unless it is clear as a matter of law that Meyer's contacts are insufficient, the district court should decide the issue in the first instance.

Pennsylvania's long-arm statute extends the state's jurisdiction to its constitutional limit. *Koenig v. International Bhd. of Boilermakers*, 284 Pa. Super. 558, 567, 426 A.2d 635, 639 (1980). In such a situation, we may proceed directly with the due process inquiry. *Carty v. Beech Aircraft Corp.*, 679 F.2d 1051, 1058 (3d Cir. 1982). I believe the majority erroneously concludes on the basis of the record before us that Meyer's contacts are constitutionally insufficient. In *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 298 (1980), the Supreme Court reaffirmed the already well-established principle that a state may assert personal jurisdiction over a defendant "that delivers its products into the stream of commerce with the expectation that they will be purchased by consumers in the forum State." The majority opinion distinguishes the present case from a series of "stream of commerce" cases primarily on the grounds that Meyer made no "deliberate decision[ ] to market" his doctor blades in Pennsylvania. Typescript Opinion at 23-24. It also suggests that Meyer had no knowledge or anticipation that his products would be used in Pennsylvania.

Since the district court did not pursue its factual inquiry, I am uncertain on what basis an appellate panel can decide whether or not Meyer had the requisite "expectation" that the product he purposefully marketed in the United States would be

purchased by consumers in Pennsylvania. In neither of Meyer's affidavits filed in support of his motion to dismiss for lack of personal jurisdiction and improper venue did he disclaim any expectation that the doctor blades he sells in the United States through his American distributor would be purchased by consumers in Pennsylvania. As we recognized in *DeJames*, 654 F.2d at 285, the benefit derived by *manufacturers* who place their products into the stream of commerce is far different from the mere derivative benefit received by distributors and analogous defendants, which was held insufficient in *World-Wide Volkswagen* and *DeJames* to support jurisdiction. Here, Meyer is the manufacturer, and his expectation as to distribution, and the reasonableness thereof, are ultimately matters for factual findings that have not been made on this record. I think it is improper for this court to engage in making factual inferences from an incomplete record and thereby foreclose plaintiff from showing that there is jurisdiction under a theory acknowledged as appropriate by the Supreme Court.

Finally, I find it surprising that the district court did not consider whether jurisdiction could be asserted on the basis that Meyer had allegedly caused tortious injury in the state. Since the underlying suit is one for the tort of patent infringement, and the tortious injury may occur wherever the infringing products are sold, *see Horne v. Adolph Coors Co.*, 684 F.2d 255, 260 (3d Cir. 1982); *Honeywell, Inc. v. Metz Apparatewerke*, 509 F.2d 1137 (7th Cir. 1975), there may be some plausibility to this theory of jurisdiction pressed by plaintiff. In a similar patent infringement case against an alien, jurisdiction was sustained under the provision of Utah law authorizing out-of-state service upon parties who cause "any injury within this state whether tortious or by breach of warranty." *See*

Engineered Sports Products v. Brunswick Corp., 362 F. Supp. 722, 725-26 (D. Utah 1973). The Pennsylvania statute is similar, providing for jurisdiction over someone "[c]ausing harm or tortious injury in this Commonwealth by an act or omission outside this Commonwealth." 42 Pa. Cons. Stat. Ann. § 5322(a)(4). Interestingly, the Utah court used the national contacts in addition to the state contacts as the basis for finding that application of the state long-arm statute did not offend due process. *Id.* at 728-29. *See also Centronics Data Computer Corp. v. Mannesmann, A.G.*, 432 F. Supp. 659, 663-68 (D. N.H. 1977). While there may indeed be factual differences between this case and the cases that accepted this theory, as the majority states, I think that the district court should decide in the first instance whether these differences change the result.

Since either the "transacting business" rationale or the "tortious injury" rationale may offer sufficient basis for finding jurisdiction, we should not pretermit the district court's full consideration. Therefore, I would remand with instructions that the district court make a definitive ruling on whether defendant is subject to jurisdiction based on the Pennsylvania long-arm statute.

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Clerk of the United States Court of Appeals
for the Third Circuit

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APPENDIX B

IN THE
UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

MAX DAETWYLER CORP.	:	CIVIL ACTION
	:	
v.	:	
	:	
R. MEYER	:	NO. 82-4712

MEMORANDUM

POLLAK, J. April 13, 1983

In this action, plaintiff alleges that defendant is infringing its patent for "doctor blades." Doctor blades are blade-shaped devices with reduced thickness edges; they are used to wipe ink from printing surfaces used in rotogravure printing techniques. Plaintiff, Max Daetwyler Corporation ("Daetwyler"), is a New York corporation that manufactures and sells doctor blades. Defendant, Rolf Meyer ("Meyer"), is a West German citizen doing business as a sole proprietor. He manufactures and sells doctor blades. Meyer Declaration ¶¶1, 2.

Defendant has filed a motion to dismiss for lack of in personam jurisdiction. He asserts that doctor blades of his manufacture sold in the United States are sold through his independent distributor, Henry P. Korn Associates, Inc. ("Korn"), whose office is in New York. Meyer Declaration ¶2. Further, defendant states that he has never been to Pennsylvania and has never done business in Pennsylvania. Meyer Supplemental Declaration ¶2. Plaintiff, on the other hand, claims that this court may assert jurisdiction over defendant based on the shipments of his doctor blades to two United States companies, which then sell the doctor blades in the United States, and on advertisements of his doctor blades that appear in trade publications distributed throughout the United States.

When a defendant's motion to dismiss raises a jurisdictional question, the burden to prove that jurisdiction exists falls

on the plaintiff. *Myers v. American Dental Association*, 695 F.2d 716, 724 n.10 (3d Cir. 1982). Plaintiff's first arguments claim that this court may assert jurisdiction over defendant under the "transacting business" provision of Pennsylvania's long arm statute. *See* 42 Pa. Cons. Stat. Ann.§5322(a)(1) (Purdon 1981). Because this case presents a federal question, however, the issue whether jurisdiction may be asserted over defendant must be determined by reference to federal law. *Cryomedics, Inc. v. Spembly, Limited*, 397 F. Supp. 287, 288 n.3 (D. Conn. 1975). *See Hold v. Klosters Rederi A/S*, 355 F. Supp. 354 (W.D. Mich. 1973).

Plaintiff argues that defendant transacts business in Pennsylvania, albeit indirectly, through Uddeholm Corporation, a Delaware Corporation that plaintiff alleges acts as a "middleman or distributor" for defendant's sales of doctor blades in the United States. Customers in Pennsylvania order Meyer doctor blades from Uddeholm, which then ships the blades to the customers from Uddeholm's warehouse in Cleveland, Ohio. Deposition of Uddeholm Corporation, by Thomas W. Knudsen ("Knudsen Deposition") at 26-31 (January 5, 1982). Plaintiff also argues that Uddeholm extensively advertises defendant's doctor blades in trade publications available in Pennsylvania and throughout the United States.

Defendant, however, sets forth a somewhat different version of the facts. First, defendant denies that Uddeholm acts as a "middleman or distributor" in selling Meyer doctor blades in Pennsylvania or elsewhere. Rather, defendant argues, Uddeholm takes title to the doctor blades before they leave West Germany. Knudsen Deposition at 56. Second, defendant points out that Uddeholm's advertisements of doctor blades do not refer to defendant. *See* plaintiff's exhibits D, E, F, & G. Third, although Uddeholm occasionally instructs Meyer to ship doctor blades directly to customers rather than to Uddeholm's warehouse, no such direct shipments have been sent by Meyer to Pennsylvania customers. Knudsen Deposition at 27. Finally, defendant declares that the doctor blades he sells in the United States are sold through his independent American distributor, Henry P. Korn Associates, Inc., whose

office is in New York. Meyer Declaration ¶2. Korn, however, has not sold the Meyer doctor blades in Pennsylvania. Korn Deposition (December 29, 1982) at 43. Moreover, Korn's advertisements have never referred specifically to defendant's doctor blades. *Id.* at 79.

Were jurisdiction over defendant to be tested solely by his contacts with Pennsylvania, one would be hard pressed, on these facts, to find contacts sufficient to satisfy Fifth Amendment standards. However, "[w]hen a federal court is asked to exercise personal jurisdiction over an alien defendant sued on a claim arising out of federal law, jurisdiction may appropriately be determined on the basis of the alien's aggregated contacts with the United States as a whole, regardless of whether the contacts with the state in which the district court sits would be sufficient if considered alone." *Cryomedics,* 397 F. Supp. at 290. *See Worldwide Marine Trading Corp. v. Marine Transport Service,* 527 F. Supp. 581, 586-87 (E.D. Pa. 1981); *see also Alco Standard Corporation v. Benalal,* 345 F. Supp. 14, 24-25 (E.D. Pa. 1972). Underlying this jurisdictional rule is the notion that "it is not the territory in which a court sits that determines the extent of its jurisdiction, but rather the geographical limits of the unit of government of which the court is a part." *Cryomedics,* 397 F. Supp. at 291. Testing jurisdiction according to an alien's contacts with the forum state alone might result in barring suit in any district in the United States, despite sufficient aggregate contacts. *See Engineered Sports Products v. Brunswick Corp.,* 362 F. Supp. 722, 728 (D. Utah 1973). Moreover, an alien defendant that transacts business in the United States only through others "has no reason based on fairness to prefer any one particular district to any other. . . ." *Cryomedics,* 397 F. Supp. at 292; *Centronics Data Computer Corp. v. Mannesmann,* 432 F. Supp 659 (D.N.H. 1977).[1]

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1. *Cf.* Judge Bownes' observation in *Centronics:* "New Hampshire, as an Eastern Seaboard state is as convenient as any which does not have an international airport." 432 F. Supp. at 664.

Meyer's own declaration in this case, submitted in support of the motion to dismiss, states that he sells his doctor blades in the United States and that he ships them to New York and Chicago from West Germany. Meyer Declaration ¶¶ 2, 4. Moreover, at the request of Uddeholm Corporation, Meyer sometimes makes direct shipments to Uddeholm's customers in the United States. Knudsen Deposition at 26-27. Therefore, under the national contacts test articulated above, jurisdiction over defendant Meyer exists in this district.[2] Accordingly, in an order to be entered today, defendant's motion to dismiss will be denied.

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2. In ruling on plaintiffs' motion to compel discovery of all defendants' nationwide contacts, Judge Troutman in *Superior Coal Company v. Ruhrkohle, A.G.*, 83 F.R.D. 414, 418 (E.D. Pa. 1979), rejected plaintiffs' "national contacts" theory. With great respect for my Brother Troutman, I find Judge Newman's *Cryomedics* analysis more persuasive. As Judge Newman pointed out in *Cryomedics*, 397 F. Supp. at 290, "If the defendant's contacts with the United States are sufficient to satisfy the fairness standards of the Fifth Amendment . . . then the only limitation on place of trial would be the doctrine of *forum non conveniens*."

IN THE
UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

MAX DAETWYLER CORP.	:	CIVIL ACTION
	:	
v.	:	
	:	
R. MEYER	:	NO. 82-4712

ORDER

For the reasons set forth in the accompanying memorandum, it is hereby ORDERED that defendant's motion to dismiss is DENIED.

APRIL 13, 1983 POLLAK, J.

APPENDIX C

IN THE
UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

MAX DAETWYLER CORP.	:	CIVIL ACTION
	:	
v.	:	
	:	
R. MEYER	:	NO. 82-4712

MEMORANDUM OPINION

POLLAK, J. December 8, 1983

On April 13, 1983, I entered an Order denying defendant's motion to dismiss for lack of *in personam* jurisdiction. In a Memorandum accompanying that Order I found that "[w]ere jurisdiction over defendant to be tested solely by his contacts with Pennsylvania, one would be hard pressed, on these facts, to find contacts sufficient to satisfy Fifth Amendment standards." But because plaintiff has asserted a claim under a federal statute against an alien defendant, I found that "jurisdiction may appropriately be determined on the basis of the alien's aggregated contacts with the United States as a whole, regardless of whether the contacts with the state in which the district court sits would be sufficient if considered alone." *Cryomedics, Inc. v. Spembly, Limited*, 397 F. Supp. 287, 290 (D. Conn. 1975). *See Worldwide Marine Trading Corp. v. Marine Transport Service*, 527 F. Supp. 581, 586-87 (E.D. Pa. 1981). *See also Alco Standard Corporation v. Benalal*, 345 F. Supp. 14, 24-25 (E.D. Pa. 1972). Applying this "national contacts" analysis, I found that defendant had sufficient aggregate contacts with the United States to warrant a finding that personal jurisdiction exists in this court.

Soon after that order was entered, defendant filed the present motion with this court seeking certification of the question of *in personam* jurisdiction for appeal to the Court of Appeals for the Third Circuit under 28 U.S.C. §1292(b). Following full briefing and oral argument on this issue, I find that certification is appropriate in this case.

As a general proposition it is, of course, the case that a matter may not be appealed to a court of appeals until a "final judgment" has been rendered by the district judge. However, Section 1292(b) creates an exception to the "final judgment" rule:

> When a district judge, in making in a civil action, an order not otherwise appealable under this section, shall be of the opinion that such order involves a controlling question of law as to which there is a substantial ground for difference of opinion and that an immediate appeal from the order may materially advance the ultimate termination of the litigation, he shall so state in writing in such order.

The court of appeals then has discretion to entertain, or decline to entertain the appeal.

The questions to be considered by a district judge when deciding a motion for certification are (1) whether the motion to be appealed involves a controlling question of law, (2) whether there is substantial ground for difference of opinion with respect to the resolution of the issue to be appealed, and (3) whether an immediate appeal from the district court's decision could materially advance the ultimate termination of the litigation. When evaluating these factors, the court must remember that certification is generally not to be granted. Section 1292(b) was created as a means by which courts could, under a limited set of circumstances, avoid problems created by the final judgment rule; Section 1292(b) was not designed to circumvent the general rule against piecemeal litigation. A motion for certification should not be granted merely because a party disagrees with the ruling of the district judge.

The parties have not seriously disputed the existence of the first and third of the three factors which must be found in order to certify a question for appeal.

The order sought to be appealed in the present case clearly involves a controlling question of law. A question is "controlling" if error in its resolution would warrant reversal of a final judgment or dismissal. *Katz v. Carte Blanche Corp.*, 496 F.2d 747, 755 (3d Cir.), *cert. denied*, 419 U.S. 885 (1974). The determination from which defendant seeks to appeal—the existence of *in personam* jurisdiction—would, if incorrect, presumably necessitate dismissal. Thus, the first element of §1292(b) is met.

Moreover, an immediate appeal from my ruling on *in personam* jurisdiction could materially advance the ultimate termination of the litigation. This is true, not only because the Court of Appeals would presumably direct dismissal of the suit if it disagreed with my analysis of jurisdiction, but also because a significant amount of time, funds, and effort will necessarily be expended by the parties and the court if this matter proceeds to resolution of the substantive merits of plaintiff's complaint. This case involves questions of patent lw which will require extensive discovery, employment of expert witnesses, and investigation of numerous complex legal issues. A successful appeal from my jurisdictional decision before trial would resolve this matter without this cost to all involved in both time and resources. I therefore find that the delay inherent in appeal and the potential for multiple appeals (one now on the question of jurisdiction and another later following final judgment) are not so great as to outweigh the potential cost to the parties and the court if this matter proceeds to trial and is later dismissed by the Court of Appeals on jurisdictional grounds.

The second element of the certification analysis, and the one on which the parties most clearly differ, is whether there is a substantial ground for difference of opinion on the issue to be appealed. The question whether a "national contacts" analysis is appropriate when evaluating personal jurisdiction in a federal question suit against an alien defendant is one on which no appellate court has ruled. However, the mere fact that the

appeal would present a question of first impression is not, of itself, sufficient to show that the question is one on which there is a substantial ground for difference of opinion. 16 C. Wright, A. Miller, E. Cooper & E. Gressman, *Federal Practice and Procedure*, §3930 n. 6 (1977 & Supp. 1983).

The question whether to apply the "national contacts" test in a case similar to the present suit has been faced by other district courts with inconsistent results. For example, district judges in Utah and Connecticut as well as other judges in this district have applied the "national contacts" analysis. *Worldwide Marine Transport Corp. v. Marine Transport Service*, 527 F. Supp. 581 (E.D. Pa. 1981); *Cryomedics, Inc. v. Spembly, Limited*, 397 F. Supp. 287 (D. Conn. 1975); *Engineered Sports Products v. Brunswick Corp.*, 362 F. Supp. 722 (D. Utah 1973); *Alco Standard Corporation v. Benalal*, 345 F. Supp. 14 (E.D. Pa. 1972). But one of my colleagues in this district has rejected the analysis. *Superior Coal Co. v. Ruhrkohle, A.G.*, 83 F.R.D. 414 (E.D. Pa. 1979).

The mere fact that a substantially greater number of judges have resolved the issue one way rather than another does not, of itself, tend to show that there is no substantial ground for difference of opinion. It is the duty of the district judge faced with a motion for certification to analyze the strength of the arguments in opposition to the challenged ruling when deciding whether the issue for appeal is truly one on which there is a *substantial* ground for dispute. Although, as I stated in my earlier opinion in this case, "I find Judge Newman's *Cryomedics* analysis more persuasive" than that of Judge Troutman in *Superior Coal Co.*, I recognize that the arguments in support of the opposite conclusion are not insubstantial. Thus, I find that there is a ground for difference of opinion sufficient to warrant certification of the question for appeal in light of the other facts and circumstances of this case.

Therefore, I find that all three elements of the test for certification created by §1292(b) have been shown in the present case. Though I recognize that certification is only appropriate in exceptional circumstances, I conclude that this is such a case. When the facts of the present case and the issue to be

presented on appeal are considered as a whole, the balance tips in favor of immediate review of the question of *in personam* jurisdiction.

Accordingly, in an order accompanying this Memorandum Opinion, defendant's motion pursuant to 28 U.S.C. §1292(b) will be granted and the question of *in personam* jurisdiction will be certified for appeal.

IN THE
UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

MAX DAETWYLER CORP.	:	CIVIL ACTION
	:	
v.	:	
	:	
R. MEYER	:	NO. 82-4712

ORDER

For the reasons stated in the accompanying Memorandum Opinion, I am of the opinion that the Order of this court dated April 13, 1983, involves a controlling question of law as to which there is a substantial ground for difference of opinion and that an immediate appeal from this order may materially advance the ultimate termination of the litigation. Accordingly, the defendant's motion for certification is GRANTED and the Order of April 13, 1983, is hereby CERTIFIED to the court of appeals for review pursuant to 28 U.S.C. §1292(b).

The defendant is a West German citizen doing business as a sole proprietor. He is being sued in the Eastern District of Pennsylvania for alleged violations of the United States patent laws. This court has determined that defendant has carried on certain significant business activities in the United States, but that his contacts with Pennsylvania would be constitutionally insufficient to support the exercise of *in personam* jurisdiction over defendant in this district if defendant were being sued on a state law cause of action. The controlling question of law certified to the court of appeals is whether, because defendant is being sued in the Eastern District of Pennsylvania on a claim arising under federal law, *in personam* jurisdiction in this district is constitutionally supportable on the basis of the defendant's aggregate contacts with the United States taken as a whole?

December 8, 1983

Louis H. Pollak, J.

APPENDIX D

IN THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

MAX DAETWYLER CORP.,	:	
Plaintiff-Appellee,	:	
v.	:	Appeal No. 84-1024
R. MEYER,	:	
Defendant-Appellant.	:	

PETITION FOR REHEARING AND
SUGGESTION FOR REHEARING IN BANC

CAESAR, RIVISE, BERNSTEIN & COHEN, LTD.
Suite 800 — Stephen Girard Bldg.
21 South 12th Street
Philadelphia, PA 19107

Manny D. Pokotilow

Dated: June 4, 1985

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INTRODUCTION

This Petition for Rehearing and Suggestion for Rehearing in Banc is submitted pursuant to the Federal Rules of Appellate Procedure, Rules 35 and 40 and the Rules of the United States Court of Appeals for the Third Circuit, Rule 22.

The Counsel for the Plaintiff, Max Daetwyler Corp., believes that the decision of the majority of the panel in Appeal No. 84-1024 filed on May 22, 1985 is contrary to decisions of the United States Court of Appeals for the Third Circuit and the Supreme Court of the United States. The statement to that effect as required for a rehearing in banc by Rule 22 of the Third Circuit is incorporated herewith as Attachment 1.

Specifically, it is respectfully submitted that in its opinion, the majority of the panel misinterpreted the Opinion of the United States Supreme Court in *World-Wide Volkswagen Corp. v. Woodson,* 444 U.S. 289, 100 S.Ct. 559, 62 L.Ed.2d 490 (1980) and *DeJames v. Magnificence Carriers, Inc.*, 654 F.2d 280 (3rd Cir. 1981), with respect to the reach of a State's *in personam* jurisdiction permitted under the Due Process Clause.

Plaintiff petitions for a rehearing on the decision of the majority that the Pennsylvania District Courts may not exercise *in personam* jurisdiction over the Defendant Rolf Meyer, a West German national, under the Pennsylvania Long Arm Statute in this case.

HISTORY OF THE CASE

The Plaintiff, Max Daetwyler Corp., filed suit against the defendant, Rolf Meyer, in the Federal District Court for the Eastern District of Pennsylvania on October 25, 1982 for alleged infringement of the Plaintiff's patent for doctor blades. Doctor blades are used in the printing industry to wipe excess ink from the printing surfaces during rotogravure printing.

The Defendant moved to dismiss the Action for lack of *in personam* jurisdiction. The District Court held that the Defendants aggregate national contacts yielded personal jurisdiction

to determine a Federal claim asserted against an alien Defendant. Upon Motion of the Defendant, the District Court certified the question of *in personam* jurisdiction for appeal to this Court. The Petition for a Leave to Appeal was granted pursuant to 28 U.C. §1292(b).

The Appeal was argued before a panel of the Third Circuit Court of Appeals on November 1, 1984. The opinion of a majority of the Court was filed by Circuit Judge Garth on May 22, 1985. The majority opinion reversed the District Court with regard to the application of the national contacts theory for personal jurisdiction on the Defendant. The majority opinion also held that *in personam* jurisdiction of the Defendant could not be exercised under the Pennsylvania Long Arm Statute. The Court therefore ordered that the suit be dismissed.

Judge Sloviter filed a dissenting Opinion which agreed with the majority that the national contacts theory could not be applied for *in personam* jurisdiction over the Defendant, but dissented from the majority opinion with regard to the lack of *in personam* jurisdiction over the Defendant under the Pennsylvania Long Arm Statute. Judge Sloviter stated that the District Court had not fully considered the factors involved which could lead to finding of *in personam* jurisdiction under the Pennsylvania Long Arm Statute. Therefore she stated that the case should have been remanded with instructions that the District Court make a definitive ruling on whether the defendant is subject to jurisdiction based on the Pennsylvania Long Arm Statute.

ARGUMENT

I. THE DECISION BY THE MAJORITY OF THE PANEL THAT IN PERSONAM JURISDICTION OVER THE DEFENDANT MEYER CANNOT BE EXERCISED UNDER THE PENNSYLVANIA LONG ARM STATUTE IS INCONSISTENT WITH THE DECISION OF THE UNITED STATES SUPREME COURT IN WORLD-WIDE VOLKSWAGEN CORPORATION V. WOODSON

The majority of the panel in holding that *in personam* jurisdiction cannot be exercised over the Defendant Meyer in accordance with the Pennsylvania Long Arm Statute, states at Page 18 of its Opinion:

> "This is particularly so in light of World-Wide Volkswagen's pronouncement that the mere likelihood that a product will enter a forum state cannot afford a constitutionally adequate contact."

World-Wide Volkswagen Corporation v. Woodson, 444 U.S. 286, 100 S.Ct. 559, 62 L.E.d. 2d 490 (1980) was a products liability suit filed in the State of Oklahoma by a husband and wife who sustained personal injuries in Oklahoma in an automobile accident. They had purchased the automobile in New York and were driving through Oklahoma at the time of the accident. The Defendants included the automobile retailer with a place of business in Massena, New York and its wholesaler a corporation which distributed automobiles only to dealers in New York, New Jersey, and Connecticut. The Court found that *in personam* jurisdiction over the Defendants could not be applied in accordance with the Oklahoma Long Arm Statute because there was a total absence of affiliating circumstances that are a necessary predicate to any exercise of State-Court jurisdiction. The Court specifically states at 100 S.Ct. 566:

> "Nor does the record show that they regularly sell cars at wholesale or retail to Oklahoma customers or residents or that they *indirectly* through others *serve or seek to serve*

> the Oklahoma market. In short, respondents seek to base jurisdiction on one, isolated occurrence and whatever inferences can be drawn therefrom: the *fortuitous* circumstances that a single Audi automobile, sold in New York to New York residents, happened to suffer an accident while passing through Oklahoma.'' (emphasis added)

The situation in the instant case is entirely different from the situation in *World-Wide Volkswagen Corporation*. In the instant case the Defendant Meyer, a West German national, is indirectly selling his patent infringing products throughout the United States through at least two distributors.

He seeks to serve the entire United States market including the Pennsylvania market.

In this respect as seen in footnote 11 on page 18 of the slip opinion, the majority misinterpreted *World-Wide Volkswagen* to add a requirement for a foreign manufacturer of *purposeful affiliation* beyond mere foreseeability. The Supreme Court made it clear, however, that the purposeful affiliation test applied primarily to local retailers and distributors and not to manufacturers.

In fact the Supreme Court states that when products are delivered into the stream of commerce with the expectation that they will be purchased by consumers in the forum State due process is not violated by the exercise of in personam jurisdiction. The Court states, 444 U.S. at 298:

> ''The forum State does not exceed its powers under the Due Process Clause if it asserts personal jurisdiction over a corporation that *delivers its products into the stream of commerce with the expectation that they will be purchased by consumers in the forum State.*'' (emphasis added)

The expectation that consumers in Pennsylvania will purchase the infringing products is certainly present with regard to the Defendant. He sells large quantities of his product to at least two distributors whom he knows will sell the product

throughout the United States. He does not instruct the distributor that the products are not to be sold in the State of Pennsylvania or any other location in the United States.

Since Pennsylvania is a major industrial State, with many rotogravure presses, the expectation that his products will be sold in a Commonwealth of Pennsylvania is fairly clear and obvious.

The majority of the panel also contradicted the record in this case when it referred to Uddeholm's (one of the Defendant's United States distributors) "*sporadic transactions*" in Pennsylvania on Page 20 of the slip Opinion and to Uddeholm's "*intermittent sales*" of Meyer blades on Page 22 of the Opinion. The sales of the infringing doctor blades in Pennsylvania by the Defendant in this case have not been sporadic or intermittent. Rather they have been *long standing and continuous in nature*.

The Joint Appendix submitted to the Court of Appeals in this case includes shipping documents which show that Uddeholm shipped infringing doctor blades to Pennsylvania customers on *twenty-two* separate occasions between March, 1981 and November, 1982. (See JA-96 through JA-148 of the Joint Appendix).

The shipment of the infringing products for sale and use in Pennsylvania has been continuous. The record (JA-96 through JA-148 of the Joint Appendix) shows shipments during the months of March, April, May, June, July, November and December of 1981 and February, April, June, August, September, October and November of 1982. This stream of shipments is hardly intermittent nor sporadic, and it in no way relates to a single fortuitous instance that occurred in *World-Wide Volkswagen Corporation*. Rather this case is like the example set forth in the Supreme Court Opinion (444 U.S. at 298) where the Supreme Court specifically states that personal jurisdiction may be asserted over manufacturers that deliver their products into the stream of commerce without exceeding the powers of the State under the Due Process Clause.

II. THE DECISION OF THE MAJORITY OF THE PANEL THAT IN PERSONAM JURISDICTION OVER THE DEFENDANT MEYER CANNOT BE EXERCISED UNDER THE PENNSYLVANIA LONG ARM STATUTE IS CONTRARY TO THE OPINION OF THE COURT OF APPEALS FOR THE THIRD CIRCUIT IN DEJAMES V. MAGNIFICENCE CARRIERS, INC.

The majority, in its Opinion on Pages 18 and 19, correctly cites *DeJames v. Magnificence Carriers, Inc.*, 654 F.2d 280, 285 for the proposition that the presence of a distributor should not shield the manufacturer whose products have caused harm to the residents of a forum state from the reach of the forum's Long Arm Rule.

However, the majority has incorrectly interpreted the *DeJames* case to require in addition to the fairness requirement to the Defendant that there be a *particularly* localized harm to the Plaintiff (Page 19 footnote 12 of Slip Opinion).

The court in *DeJames v. Magnificence Carriers, Inc.* states that underlying the assumption of jurisdiction in products liability cases is the belief that the fairness requirements of due process do not extend so far as to permit a manufacturer to insulate itself from the reach of the forum Long-Arm rule by *using an intermediary* or by *professing ignorance* of the ultimate destination of its products.

A patent infringer commits a tort just as a manufacturer, whose improperly designed product causes injury, commits a tort. See Judge Sloviter's dissent, Page 28 of Slip Opinion.

In *DeJames* a longshoreman who was injured aboard a vessel owned by a Japanese company sued another party which had converted the vessel in Japan from a boat carrier to an automobile carrier. The Third Circuit panel in this case affirmed the dismissal of the claim against the converter company Hitachi Shipbuilding. In doing so the Court states 654 F.2d at 285, that the stream-of-commerce theory did not apply to Hitachi sinceHitachi was *not a manufacturer*. Moreover Hitachi *received no economic benefit either indirect or direct* from residents in New Jersey

In the instant case, on the other hand, the Defendant is a manufacturer who *does not receive economic benefit* each time one of his infringing doctor blades is sold in the Commonwealth of Pennsylvania.

Judge Sloviter in her cogent dissenting opinion points out why the decision of the majority in this case is not in conformance with *World-Wide Volkswagen* and *DeJames*.

Judge Sloviter states on Page 28 of the Opinion:

> "As we recognized in *DeJames*, 654 F.2d at 285, the benefit derived by *manufacturers* who place their products into the stream of commerce is far different from the mere derivative benefit received by distributors and analogous defendants, which have been held insufficient in *World-Wide Volkswagen* and *DeJames* to support jurisdiction."

Judge Sloviter further states, on page 29 of the Opinion, that either the "transacting business" rationale or the "tortious injury" rationale may offer sufficient basis for finding jurisdiction under the Pennsylvania Long Arm Statute.

World-Wide Volkswagen and *DeJames* cite the milestone case in which the Supreme Court defined the due process requirements in deciding upon the allowable reach of State Long Arm statutes, *International Shoe Co. v. Washington*, 326 U.S. 310, 66 S.Ct. 154, 90 L.Ed. 95. In that case, the Supreme Court stated that the defendant's contacts with the forum State must be such that maintenance of the suit "does not offend traditional notions of fair play and substantial justice".

The majority in its Opinion, although stating that the reach of a State's long arm statute should be restricted by considerations of due process under the Fourteenth Amendment, does not consider whether it would be unfair to the Defendant to maintain this suit in Pennsylvania as opposed to New York, New Jersey or Ohio. Rather the majority, on Page 19, note 12 of the Opinion *reverses the process* and states that the *Plaintiff* would "suffer no undue inconvenience if required to seek another forum". However, lack of inconvenience of the Plaintiff, or lack of unfairness to the Plaintiff if it is forced to change

forum, is not a due process requirement for *in personam* jurisdiction over a foreign defendant. This is contrary to the Supreme Court findings in *World-Wide Volkswagen* and *International Shoe* which require only that due process or "fair play" be extended to the foreign defendant.

III. THE CASE SHOULD BE REMANDED TO THE DISTRICT COURT FOR FINDINGS OF FACTS AND A DETERMINATION BY THE DISTRICT COURT WITH REGARD TO IN PERSONAM JURISDICTION UNDER THE PENNSYLVANIA LONG ARM STATUTE

As a result of the District Court's finding in favor of the Plaintiff that there was jurisdiction under a National Contacts theory, the District Court never made the findings of facts required to show *in personam* jurisdiction over Defendant under the Pennsylvania Long Arm Statute even though the record supported such findings. In this respect, the District Court made no finding of facts as to the sales of the Defendant's products through its distributors to customers in Pennsylvania.

If this appeal had been from a dismissal of the Complaint for lack of jurisdiction, the case would certainly have been remanded because the District Court had not made any findings of fact upon which the case had been dismissed. In addition, it is not clear on what legal basis the District Court found that it would be hard pressed to find contacts with Pennsylvania sufficient to support jurisdiction.

Therefore, it is not surprising that there are statements in the majority Opinion that sales of the infringing products were sporadic and intermittent (Pages 20 and 22) even though those findings are not in conformity with the record. As pointed out previously, the record submitted to the panel definitely shows a continuous stream of transactions from March 1, 1981 until November, 1982. To the Plaintiff's knowledge, this continuous stream of infringing products into Pennsylvania is still taking place.

Further, the majority Opinion states on Page 22 that the Defendant, Meyer's contacts with Pennsylvania are insufficient to enable it to conclude that Meyer either attempted to obtain any benefit from the State or could reasonably expect to be hailed into Court there. When Meyer sells to a United States distributor without restrictions as to where his products may be sold, he is attempting to obtain benefit from every State in which the product is sold and he can reasonably expect to be hailed into Court anywhere in the United States wherein a tort results from the sale or use of his product. Thus, if this were a products liability case it is unquestionable that Meyer would be subject to the jurisdiction of this Court. There is no difference for the purpose of Due Process that Meyer is accused in Pennsylvania of patent infringement.

The majority points out on Page 3 of its Opinion that Uddeholm takes title to the blades in West Germany, warehouses them in Cleveland and ships them to domestic customers. If such title takes place in West Germany it is strictly a meaningless paper transaction since the records submitted to the Court show that the shipments take place *directly from Meyer's plant in Germany to Cleveland*, and payment for the shipment is not made until *after* the shipment is complete. (See JA-96 through JA-147 of the Joint Appendix submitted to the Court of Appeals)

Further, Meyer does a substantial business in selling doctor blades to customers in the United States. The record shows that with respect to only one of Meyer's two United States distributors, Uddeholm, over $63,000.00 worth of doctor blades were sold between March and October, 1982. (See shipping documents JA-101, JA-112, JA-116, and JA-136 of the Joint Appendix). It is inconceivable that Meyer is not attempting to sell doctor blades to all potential customers in the United States, including those in the Commonwealth of Pennsylvania, and to directly benefit by those sales. Such sales of the doctor blades to customers in a highly industrialized State of approximately 14,000,000 people such as Pennsylvania are clearly foreseeable by Meyer.

The District Court did not ever make a finding of fact or rule upon the applicability of the Pennsylvania Long Arm Statute with regard to *in personam* jurisdiction over the Defendant Meyer. The Court merely stated that it would be hard pressed to find the contacts of the Defendant with Pennsylvania sufficient to support such jurisdiction. As pointed out by Judge Sloviter in the dissent on Pages 26 and 27 of the Opinion the District Court never held definitively that in personam jurisdiction over the Defendant could not be exercised under the Pennsylvania Long-Arm Statute but instead turned to the national contacts theory.

As stated by Judge Sloviter on Page 27 of her dissent:

> "Unless it is clear as a matter of law that Meyer's contacts are insufficient, the District Court should decide the issue in the first instance."

Further, on Page 27 of the dissent Judge Sloviter states:

> "Since the District Court did not pursue its factual inquiry, I am uncertain on what basis an appellate panel can decide whether or not Meyer had the requisite "expectation" that the product he purposefully marketed in the United States would be purchased by consumers in Pennsylvania."

Thus the majority of the panel in its ruling has misinterpreted the record because the District Court had not made any findings of fact on the issue. Absent a determination and finding of fact with regard to jurisdiction, under the Pennsylvania Long Arm Statute by the District Court this Court should not make a ruling thereon. Therefore the case should be remanded for further findings.

CONCLUSION

The ruling by the majority of the panel in subject Appeal No. 84-1024 is inconsistent with, and contrary to, the ruling of the Supreme Court in *World-Wide Volkswagen* and the ruling by the Third Circuit Court of Appeal in *DeJames* which specifically differentiate between manufacturers who indirectlysell their products in the forum state and other types of defendants who obtain only a derivative benefit such as those in *World-Wide Volkswagen* and *DeJames*.

With respect to *World-Wide Volkswagen*, the majority misinterpreted the Opinion to require a purposeful affiliation test which the Supreme Court made it clear applied primarily to local retailers and distributors and not to a manufacturer.

In connection with *DeJames*, the majority has added a requirement that in addition to the fairness requirement of due process to the defendant that there be a particularly localized harm to the plaintiff. However, *DeJames* did not make such requirement, nor is there any such requirement in the *World-Wide Volkswagen* case.

In light of the foregoing it is respectfully submitted that the majority erred in the interpretation of these cases and further erred in acting as a finder of fact when the District Court had not made clear findings of fact and conclusions of law as to the lack of jurisdiction under the Pennsylvania Long Arm Statute.

In view of the above it is respectfully submitted that the Plaintiff's Petition for a rehearing and suggestion for a rehearing in banc in subject Appeal No. 84-1024 should be granted and this case remanded for further findings of fact.

Respectfully submitted,

CAESAR, RIVISE, BERNSTIEN & COHEN, LTD.

June 4, 1985

By_____
Manny D. Pokotilow
Suite 800 — Stephen Girard Bldg.
21 S. 12th Street
Philadelphia, PA 19107
(215) 567-2010
Attorney for Appellee

CERTIFICATE OF SERVICE

I hereby certify that one (1) true and correct copy of the foregoing PETITION FOR REHEARING AND SUGGESTION FOR REHEARING IN BANC re Appeal No. 84-1024 has been served on Appellant by mailing same via First Class Mail, postage prepaid to Stempler, Cobrin & Godsberg, 501 Fifth Avenue, New York, New York 10017 this 4th day of June, 1985.

_____
Manny D. Pokotilow

STATEMENT OF COUNSEL
TO THIRD CIRCUIT RULE 22

In accordance with the Rule of the United States Court of Appeals for the Third Circuit, Rule 22 Counsel for the Petitioner for rehearing in banc submits the following statement:

I, Manny D. Pokotilow, express a belief, based on a reasoned and studied professional judgment, that the panel's decision in Daetwyler v. Meyer, Appeal No. 84-1024 is contrary to the decisions of the United States Court of Appeals for the Third Circuit and the Supreme Court of the United States and the consideration by the full Court is necessary to secure and maintain uniformity of decisions in this Court, to-wit, the panel's decision is contrary to the decision of this Court in *DeJames v. Magnificence Carriers, Inc.*, 654 F.2d 280 (3rd Cir. 1981) and the Supreme Court in *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 289, 100 S.Ct. 559, 62 L.Ed. 2d. 490 (1980).

Manny D. Pokotilow
Counsel for the Petitioner

APPENDIX E

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

No. 84-1024

MAX DAETWYLER CORP.
A New York Corporation

Appellee

v.

R. MEYER
A West German Corporation
Rolf Meyer,

Appellant

On Appeal from the District Court
of the Eastern District of Pennsylvania
D.C. Civil No. 82-4712

Argued November 1, 1985

BEFORE: GARTH, and SLOVITER, *Circuit Judges*
and BARRY, *District Judge**

ORDER AMENDING ORDER
SUR PETITION FOR REHEARING

---

*Honorable Maryanne Trump Barry, United States District Judge for the District of New Jersey, sitting by designation.

PRESENT: ALDISERT, *Chief Judge*, SEITZ, ADAMS
GIBBONS, HUNTER, WEIS, GARTH,
HIGGINBOTHAM, SLOVITER
BECKER,
STAPLETON and MANSMANN, *Circuit Judges*,
and BARRY, *District Judge**

The petition for rehearing filed by appellant Max Daetwyler Corp. in the above-entitled case having been submitted to the judges who participated in the decision of this court, and to all the other available circuit judges of the circuit in regular active service, and no judge who concurred in the decision having asked for rehearing, and a majority of the circuit judges of the circuit in regular active service not having voted for rehearing by the court in banc, the petition for rehearing is denied.

Judges Gibbons, Weis, Sloviter, and Mansmann would have granted the petition for rehearing.

By the Court

_____

Circuit Judge

DATED: June 18, 1985

APPENDIX F

CONSTITUTIONAL PROVISIONS

U.S. Const. Art. I, §8, cl. 8

Section 8, Clause 8. Patents and copyrights

To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries:

Fifth Amendment to U.S. Const.

AMENDMENT V—CAPITAL CRIMES; DOUBLE JEOPARDY; SELF-INCRIMINATION; DUE PROCESS; JUST COMPENSATION FOR PROPERTY

No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

Fourteenth Amendment, §1. to U.S. Const.

AMENDMENT XIV.—CITIZENSHIP; PRIVILEGES AND IMMUNITIES; DUE PROCESS; EQUAL PROTECTION; APPORTIONMENT OF REPRESENTATION; DISQUALIFICATION OF OFFICERS; PUBLIC DEBT; ENFORCEMENT

Section 1. All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside. No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall

any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.

35 U.S.C. §271

§271. Infringement of patent

(a) Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.

(b) Whoever actively induces infringement of a patent shall be liable as an infringer.

(c) Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

(d) No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement.

(e)(1) It shall not be an act of infringement to make, use, or sell a patented invention (other than a new animal drug or veterinary biological product (as those terms are used in the Federal Food, Drug and Cosmetic Act and the Act of March 4, 1913)) solely for uses reasonably related to the development and submission of information under a Federal law which regulates the manufacture, use, or sale of drugs.

(2) It shall be an act of infringement to submit an application under section 505(j) of the Federal Food, Drug, and

Cosmetic Act or described in section 505(b)(2) of such Act for a drug claimed in a patent or the use of which is claimed in a patent, if the purpose of such submission is to obtain approval under such Act to engage in the commercial manufacture, use, or sale of a drug claimed in a patent or the use of which is claimed in a patent before the expiration of such patent.

(3) In any action for patent infringement brought under this section, no injunctive or other relief may be granted which would prohibit the making, using, or selling of a patented invention under paragraph (1).

(4) For an act of infringement described in paragraph (2) —

(A) the court shall order the effective date of any approval of the drug involved in the infringement to be a date which is not earlier than the date of the expiration of the patent which has been infringed,

(B) injunctive relief may be granted against an infringer to prevent the commercial manufacture, use, or sale of an approved drug, and

(C) damages or other monetary relief may be awarded against an infringer only if there has been commercial manufacture, use, or sale of an approved drug.

The remedies prescribed by subparagraphs (A), (B), and (C) are the only remedies which may be granted by a court for an act of infringement described in paragraph (2), except that a court may award attorney fees under section 285. (Added September 24, 1984, Public Law 98-417, sec. 202, 98 Stat. 1603.)

(f)(1) Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the components of a patented invention, where such components are uncombined in whole or in part, in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

(2) Whoever without authority supplies or causes to be supplied in or from the United States any component of a patented invention that is especially made or especially adapted for use in the invention and not a staple article or commodity of commerce suitable for substantial noninfringing use, where such component is uncombined in whole or in part, knowing that such component is so made or adapted and intending that such component will be combined outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer. (Added November 8, 1984, Public Law 98-622, sec. 101, 98 Stat. 3383.)

PENNSYLVANIA LONG ARM STATUTE
42 Pa. C.S.A. §5322

§5322. Bases of personal jurisdiction over persons outside this Commonwealth

(a) General rule.—A tribunal of this Commonwealth may exercise personal jurisdiction over a person (or the personal representative of a deceased individual who would be subject to jurisdiction under this subsection if not deceased) who acts directly or by an agent, as to a cause of action or other matter arising from such person:

(1) Transacting any business in this Commonwealth. Without excluding other acts which may constitute transacting business in this Commonwealth, any of the following shall constitute transacting business for the purpose of this paragraph:

(i) The doing by any person in this Commonwealth of a series of similar acts for the purpose of thereby realizing pecuniary benefit or otherwise accomplishing an object.

(ii) The doing of a single act in this Commonwealth for the purpose of thereby realizing pecuniary benefit or otherwise accomplishing an object with the intention of initiating a series of such acts.

(iii) The shipping of merchandise directly or indirectly into or through this Commonwealth.

(iv) The engaging in any business or profession within this Commonwealth, whether or not such business requires license or approval by any government unit of this Commonwealth.

(v) The ownership, use or possession of any real property situate within this Commonwealth.

(2) Contracting to supply services or things in this Commonwealth.

(d) Causing harm or tortious injury by an act or omission in this Commonwealth.

(4) Causing harm or tortious injury in this Commonwealth by an act or omission outside this Commonwealth.

(5) Having an interest in, using, or possessing real property in this Commonwealth.

(6) (i) Contracting to insure any person, property, or risk located within this Commonwealth at the time of contracting.

(ii) Being a person who controls, or who is a director, officer, employee or agent of a person who controls, an insurance company incorporated in this Commonwealth or an alien insurer domiciled in this Commonwealth.

(iii) Engaging in conduct described in section 504 of the act of May 17, 1921 (P.L. 789, No. 285), known as "The Insurance Department Act of 1921."

(7) Accepting election or appointment or exercising powers under the authority of this Commonwealth as a:

(i) Personal representative of a decedent.

(ii) Guardian of a minor or incompetent.

(iii) Trustee or other fiduciary.

(iv) Director or officer of a corporation.

(8) Executing any bond of any of the persons specified in paragraph (7).

(9) Making application to any government unit for any certificate, license, permit, registration or similar instrument or authorization or exercising any such instrument or authorization.

(10) Committing any violation within the jurisdiction of this Commonwealth of any statute, home rule charter, local ordinance or resolution, or rule or regulation promulgated thereunder by any government unit or of any order of court or other government unit.

(b) Exercise of full constitutional power over nonresidents.—In addition to the provisions of subsection (a) the jurisdiction of the tribunals of this Commonwealth shall extend to all persons who are not within the scope of section 5301 (relating to persons) to the fullest extent allowed under the Constitution of the United States and may be based on the most minimum contact with this Commonwealth allowed under the Constitution of the United States.

(c) Scope of jurisdiction.—When jurisdiction over a person is based solely upon this section, only a cause of action or other matter arising from acts enumerated in subsection (a), or from acts forming the basis of jurisdiction under subsection (b), may be asserted against him.

(d) Service outside this Commonwealth.—When the exercise of personal jurisdiction is authorized by this section, service of process may be made outside this Commonwealth.

(e) Inconvenient forum.—When a tribunal finds that in the interest of substantial justice the matter should be heard in another forum, the tribunal may stay or dismiss the matter in whole or in part on any conditions that may be just.